



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

**LOAN AGREEMENT FOR ECONOMIC DEVELOPMENT
INVESTMENT PORTFOLIO FOR GROWTH PROGRAM**

THIS AGREEMENT (the "Agreement") made this 31st day of January 2023, by and between **ROYALE BLUE HOSPITALITY, LLC**, a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, (the "Borrower"), represented herein by its Executive Vice President, Néstor A. Amador Chacón, of legal age, married, executive and resident of Guaynabo, Puerto Rico; **TT INVESTMENT LLC**, a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, (jointly and several as to all obligations of Borrower hereunder, the "Corporate Guarantor"); represented herein by its Authorized Representative, Néstor A. Amador Chacón, of legal age, married, executive and resident of Guaynabo, Puerto Rico and the **PUERTO RICO DEPARTMENT OF HOUSING** (the "Lender"), a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, known as the "Department of Housing Organic Act" (the "Organic Act"), with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, represented herein by its Director of Disaster Recovery CDBG-DR Program, José M. Olmo Terrasa, Esq., of legal age, married, attorney, and resident of San Juan, Puerto Rico, pursuant to Administrative Order 22-80 of the Puerto Rico Department of Housing, dated December 1, 2022.

WITNESSETH

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 of 2018 and Supplemental Appropriations for Disaster Relief Requirements Act of 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 Recovery Program under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, approved on September 8, 2017 (Pub. L. 115-56) (the "CDBG-DR"). 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 on 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 Lender is the governmental agency designated as 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 Lender aims to lead a transparent, comprehensive recovery to benefit the residents of Puerto Rico. The Lender 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 for Grant Number B-17-DM-72-0001, allowing the Lender access to \$1,507,179,000 in CDBG-DR funding obligated under PL 115-56, as amended;

WHEREAS, on January 27, 2020, an additional allocation of \$277 million for unmet infrastructure recovery needs was allocated to Puerto Rico under Federal Register Vol. 85, No. 17, (85 FR 4681);

WHEREAS, on February 21, 2020, the Governor of Puerto Rico and the Secretary of HUD signed a Grant Agreement for Grant Number B-18-DP-72-0001; allowing the Lender access to \$1,700,000,000 in CDBG-DR funding, obligated under PL 115-123, as amended. On May 5, 2021, a Second Amendment to the Grant Agreement was executed, removing the restrictions to the entire allocation, and allowing the Lender access to the \$8,220,783,000.00.

WHEREAS, with these allocations of funding, the Lender aims to lead a transparent, comprehensive recovery to benefit the residents of Puerto Rico. The Lender holds accountability and is committed to the responsible, efficient, and transparent administration of CDBG-DR grant funding;

WHEREAS, according to the approved current Action Plan, Puerto Rico intends to undertake an Economic Development Investment Portfolio for Growth Program (hereinafter, the "Program" or "IPG Program"). The focus of the Program is to address the critical needs of businesses and residents of Puerto Rico by providing leveraged funding to support private investments to meet unmet economic development needs; supporting projects that will provide essential services; assisting with the economic revitalization and regional recovery of hurricane-impacted communities by investing in transformative community-based projects; spurring long-term job creation; meeting a recovery objective and creating long-term opportunities; and completing

transformative, large-scale regional revitalization projects that will provide benefits to a wide range of Puerto Ricans;

WHEREAS the IPG Program intends to award gap funding for large-scale commercial and industrial development in a broad range category of activities that cover a wide variety of economic revitalization initiatives. This may include but is not limited to the development/redevelopment of Commercial Developments, Mixed-use Developments and Infrastructure Development in support of an economic development investment;

WHEREAS the approved current Action Plan allocated a total budget of eight hundred million dollars (\$800,000,000) to the IPG Program;

WHEREAS, on September 13, 2021, BORROWER, submitted an application which complied with the requirements set forth by the Lender. After an evaluation and recommendation for selection under the published eligibility criteria, the Lender delivered to the BORROWER an award letter, dated December 1, 2022 (the "Award Letter"), approving a loan in the aggregate principal amount of **FIFTY MILLION** Dollars (\$**50,000,000.00**) to BORROWER, in accordance with the published IPG Program guidelines, as amended from time to time (the "Program Guidelines");

WHEREAS, BORROWER has accepted and complied with the requirements of the Award Letter;

WHEREAS, on the date hereof, Lender wishes to make a loan to the BORROWER pursuant to the terms and conditions hereinafter set forth;

WHEREAS the BORROWER will use loan proceeds to carry out Eligible Activities as defined by the Action Plan and the Program Guidelines, pursuant to this Loan Agreement;

WHEREAS the CDBG-DR funds made available by Lender to the BORROWER under this Loan Agreement must be used in compliance with the requirements imposed by Federal statutes and regulations, including, but not limited to the Program Guidelines (as defined below), the HUD General Provisions (as defined below) and the terms and conditions of the Award Letter; and

WHEREAS Lender has the legal power and authority, pursuant to the Organic Act, the Federal laws and regulations creating and allocating funds to the CDBG-DR Program and the current Action Plan, to issue, award, and execute this Loan Agreement.

NOW THEREFORE, incorporating the foregoing recitals to this Loan Agreement and in consideration of the mutual promises and the terms and conditions set forth herein, the receipt, sufficiency, and adequacy of which are hereby acknowledged, the Lender and BORROWER agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated opposite each of them. The terms defined in this Section and in this Agreement are those used in customary construction loan agreements.

"Affiliate" means with respect to any Person, any other Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, (ii) which directly or indirectly, of record or beneficially, owns or holds ten percent (10%) or more of the ownership interests of such Person having voting powers, or (iii) ten percent (10%) or more of the ownership interests which are owned or held, directly or indirectly, of record or beneficially, for such Person. For the purposes of this Agreement, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person, whether through ownership of common equity securities, by contract or otherwise; all of the BORROWER's officers, shareholders or members owning ten percent (10%) or more of the common stock of the BORROWER, directors, subsidiary corporations, joint venturers and partners shall be deemed to be the BORROWER's Affiliates.

"Agreement" or "this Agreement" shall include all amendments, modifications, and supplements hereto and shall refer to this Agreement as it may be in effect at the time such reference becomes operative.

"ALTA" means American Land Title Association or any successor thereto.

"Applicable Interest Rate" means the interest rate equal to two percent (2%) per annum, to be paid pursuant to Section 3.1 hereof.

"Application" means the application furnished by the BORROWER requesting IPG Program funds, including all documents, schedules, exhibits, certifications, and information related thereto.

"Appraisal" shall mean an appraisal of the Premises prepared in accordance with the requirements of FIRREA, that is in form and substance reasonably acceptable to the Lender, prepared by an independent third-party appraiser holding a MAI designation, who is licensed under the laws of the Commonwealth of Puerto Rico, who meets the requirements of FIRREA and who is otherwise satisfactory to the Lender, as the same may be updated from time to time at the cost of BORROWER. This appraisal can be the annual appraisal contracted by the entity providing the Senior Loan which complies with the requirements for the original appraisal and which petition has included Lender as an intended user in the engagement letter to the appraiser.

"Assignment of Borrower's Interest in Leases and Rents" means the documents in form and substance acceptable to Lender, whereby BORROWER shall assign to Lender the lease proceeds and the leases in the Premises and the Improvements.

"Award Letter" has the meaning assigned to that term in the Preamble to this Agreement.

"Bonds" means all bonds specified in Section 4.2(p) hereof.

"Books and Records" means such books and records that include, but are not limited to, records providing a full description of each activity undertaken by the BORROWER; records demonstrating each activity undertaken meets one of the National Objectives of the CDBG-DR programs; records required to determine the eligibility of activities; records required to document the acquisition, improvement, use or disposition of Premises or Improvements with CDBG-DR assistance; records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-DR program's 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; the CDBG-DR Record Keeping, Management and Accessibility Policy, adopted pursuant to the Organic Act; and other records necessary to document compliance with this Agreement, any other applicable Federal statutes and regulations, and the terms and conditions of the Lender's Federal award.

"BORROWER's Architect" means V. Architecture.

"Bankruptcy Code" shall mean the United States Bankruptcy Code of 1978, as amended.

"Business Day" means any day that is not a Saturday, a Sunday nor the days on which the Government of Puerto Rico or the banks are required or permitted to be closed in the Commonwealth of Puerto Rico.

"Capitalized Lease" has the meaning assigned to that term in the definition of "debt" below.

"CDBG-DR" has the meaning assigned to that term in the Preamble to this Agreement.

"C.F.R." means the Code of Federal Regulations.

"Change of Control" means (i) a transfer by which the ownership interest of the BORROWER and/or the Corporate Guarantor (including by way of the transfer of any direct or indirect legal or beneficial interest in any constituent partner, member, manager or shareholder of the BORROWER and/or the Corporate Guarantor) shall be vested in any other Person other than the Persons listed in Section 6.1(dd), (ii) a transfer of the power to direct or cause the direction of management and policies of the BORROWER through the direct or indirect transfer of voting securities or other ownership interests, by contract or otherwise or (iii) the transfer, pledge or hypothecation of a direct interest in the BORROWER and or the Corporate Guarantor, except to the Lender.

"Change Orders" means any amendments or modifications to the Plans or the Construction Contract.

"Closing Date" means the date of this Agreement.

"Collateral" means all the assets of the BORROWER over which a Lien is granted in favor of the Lender to secure the punctual payment of the Borrower's Obligations under this Agreement, as more fully described in Exhibit A.

"Commonwealth" means the Commonwealth of Puerto Rico and its political subdivisions, municipalities, agencies, and instrumentalities.

"Construction Completion Date" means the date of the completion of the Construction Period, which shall be on or before the twenty fourth (24th) month following the Closing Date.

"Construction Consultant" means the Person designated by the Lender to perform the tasks determined by the Lender from time to time shall include but are not limited to the duties and responsibilities assigned to this Person under this Agreement.

"Construction Contract" means the contract (together with all riders, addenda, exhibits and other instruments referred to therein as "contract documents") between BORROWER and the General Contractor which require the General Contractor to provide, supervise or manage the acquisition of, substantially all labor and materials needed for completion of the Improvements, which contract will be made using the form provided by the American Institute of Architects (AIA Form A101) in form and substance acceptable to the Lender, as may be amended from time to time in accordance with this Agreement, pursuant to Lender's prior consent and notice to the company issuing the payment and performance bond, and any other applicable insurance.

"Conversion Date" means the day on which the last Loan Advance is made but never later than twenty four (24) months from the Closing Date.

"CRIM" has the meaning assigned to that term in Section 1(a) of Exhibit M hereto.

"Debt" of any Person means, without duplication, (i) all indebtedness of such Person for borrowed money, (ii) all Obligations of such Person for the deferred purchase price of property or services (other than trade payables and accrued expenses incurred in the ordinary course of such Person's business), (iii) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (iv) all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even through the rights and remedies of the seller or the Lender under such agreement in the event of default are limited to repossession or sale of such property), (v) the principal component of all Obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases ("Capitalized Leases") which principal component has been or should, at the time of determination, be capitalized on

a balance sheet in accordance with GAAP(vi) all Obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (vii) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any capital stock of or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock, (viii) all Debt of others referred to in clauses (i) through (vii) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (a) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (b) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (c) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) to assure a creditor against loss or (d) otherwise to assure a creditor against loss, and (e) all Debt referred to in clauses (i) through (vii) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt in an amount equal to the lesser of the amount of the Debt secured by the Lien or the fair market value of such property.

"Debt Incurrence" means the incurrence by the BORROWER after the date of this Agreement of any Debt, other than the Debt under this Agreement, and any other Debt permitted under this Agreement.

"Debt Service" means, for any period, the sum for the BORROWER (determined without duplication in accordance with GAAP), of the following: (i) all payments of principal of Debt scheduled to be made during such period (including Capitalized Leases) plus (ii) all interest payable by the BORROWER with respect to any Debt capitalized or expended during such period (whether actually paid during such period).

"Debt Service Coverage Ratio" means the ratio of Net Income plus depreciation and amortization to the Debt Service, for the corresponding trailing twelve (12) month period.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Default Interest Rate" means 400 basis points in excess of the Applicable Interest Rate.

"DOB" has the meaning given to that term in Section 3.10 below.

"Electronic Means" means telecopy, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this

definition.

"Environmental Action" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law or any Environmental Permit including, without limitation, (i) any claim by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any Environmental Law and (ii) any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from hazardous or toxic materials or arising from alleged injury to health, safety or the environment.

"Environmental Law" means any state or local (including, without limitation, the Commonwealth of Puerto Rico) law, rule, regulation, order, ordinance, writ, judgment, injunction, decree, determination or award relating to the environment, health, safety or hazardous or toxic materials, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Toxic Substances Control Act, the Clean Air Act, the Safe Drinking Water Act, the Atomic Energy Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Occupational Safety and Health Act and similar or related laws each as amended from time to time, and those environmental guidelines, rules or procedures required under the CDBG-DR and IPG Programs.

"Environmental Permit" means any permit, approval, concession, franchise, identification number, license or other authorization required under any Environmental Law.

"Equity Investment" means any equity to be contributed by any investor or the BORROWER for the construction of the Improvements.

"ERISA" means the Employee Retirement Income Security Act of 1974, 29 U.S.C. 1001 *et seq.*, as amended from time to time, and the regulations promulgated, and rulings issued thereunder.

"ERISA Affiliate" means each trade or business (whether or not incorporated) which, together with the BORROWER or any Subsidiary thereof, would be deemed to be a single employer within the meaning of Section 4001 of ERISA.

"ERISA Plan" has the meaning assigned to that term in Section 6.1(ee) below.

"Event of Default" means any of the events specified in Article XI hereof.

"Existing Debt" has the meaning assigned to that term in Section 6.1(e) below.

"Financial Statements" means (i) for the Borrower and the Corporate Guarantor, the statements of the assets, liabilities, income, expenses, and statements of cash flow

prepared and audited by independent auditors, in accordance with GAAP, and (ii) for the Personal Guarantors, sworn financial statements of the assets, liabilities, income, expenses, and statements of cash flow prepared in accordance with GAAP .

"FIRREA" means the Federal Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

"Fiscal Year" means the 52- or 53-week year, ending on June 30 of each year, unless otherwise determined by the board of directors of the BORROWER.

"First Mortgage" means that first rank mortgage constituted over the Premises to secure the Senior Loan with Cooperativa de Ahorro y Crédito Las Piedras, as Agent for a group of saving and loans cooperatives (the "Coop Credit Facility").

"Flood Insurance Acts" has the meaning assigned to that term in Section 7.1(dd) below.

"FOMB" means the Financial Oversight and Management Board created under the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), 48 U.S.C. § 2101 *et seq.*, as amended.

"Full-Time Equivalent (FTE)" As defined on the IPG Program Guidelines, means Puerto Rico labor laws provide that the regular full-time work week equals forty (40) hours per week. FTE is calculated by dividing an employee's hours worked by 40. Part-time employee hours may be combined to determine an FTE amount (For example, One 40 hour/week position = One FTE. One 20 hour/week position = 0.5 FTE. Two 20 hour/week positions = One FTE).

"GAAP" means generally accepted accounting principles in the United States, consistently applied, which are in effect from time to time.

"General Contractor" means F & R Construction Group, Inc.

"Governmental Approval(s)" means any applicable consent, permit, license, franchise, authorization, or other approval issued by any agency, department, bureau, division, or other instrumentality of any Governmental Authority, including but not limited to Environmental Permits.

"Governmental Authorities" means the United States, the Commonwealth of Puerto Rico, and any political sub-division, agency, department, commission, board, bureau, or instrumentality of either of them, including any local authorities, which exercises jurisdiction over the Premises or the Improvements.

"Guarantor(s)" means TT Investment, LLC (the "Corporate Guarantor"), Angel A. Fullana Olivencia and his wife Lydia Margarita Morales Cobian; José M. Fullana Olivencia and his wife María Milagros Morales López; Antonio Fullana Morales and his wife Alexandra Irizarry Marchal; Jose Miguel Fullana Morales and his wife Patricia Legrand

Gomez; Manuel Jaime Fullana Morales and his wife Rosa Román López; and . Nestor Amador Chacón and his wife Rocio de Gracia Martínez (each a "Personal Guarantors"), (the Personal Guarantors and the Corporate Guarantors, collectively, the "Guarantors").

"Guaranty Agreement" means the guaranty agreement executed by the Personal Guarantors on even date hereof to, jointly and severally with the BORROWER, and the other Guarantors, guarantee all of the BORROWER's obligations under the Loan Agreement and the other Loan Documents, and any and all other agreements in connection thereto.

"Hard Construction Costs" means the aggregate costs of all labor, materials, machinery, equipment, fixtures and/or furnishings necessary for completion of the Improvements, included but not limited to furniture, fixtures and equipment (FF&E), and operating supplies and equipment (OS&E).

"Hard and Soft Construction Costs" means that portion of the Loan applicable and equal to the sum of the Loan Budget Amounts for Hard Construction Costs and Soft Costs, respectively, as shown on the Project Cost Statement.

"Hard Construction Costs Statement" means a statement of Hard Construction Costs, trade by trade, prepared by BORROWER and the General Contractor, included as Exhibit B hereof, as such statement may be amended from time to time with the Lender's consent in accordance with this Agreement.

"Hazardous Materials" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is friable; toxic mold; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Properties are prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material", "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Law.

"HDC Loan" means the loan granted by the Hotel Development Corporation ("HDC") to the Borrower pursuant to that certain credit agreement dated as of July 13, 2021 (as the same may be amended, modified or restated from time to time, (the "HDC Credit Agreement").

"Hotel Resort Project" means the full rehabilitation of the El Conquistador Resort hotel complex consisting of various phases; the first phase of which included the acquisition of the property and the renovation of some 374 rooms along with a large portion of some common areas, ballrooms and conference facilities, and some food and beverage facilities. The second phase contemplates the IPG Project, as hereinafter defined, and the third phase, which includes the completion and refurbishing of the

remaining rooms in the El Conquistador Resort, upgrades to common areas and construction of remaining food and beverage locations.

"HUD" has the meaning assigned to that term in the Preamble to this Agreement.

"HUD General Provisions" means those provisions included in Exhibit C attached hereto and made part hereof.

"Improvements" means the renovation of El Conquistador Resort, located within the Premises, consisting of completion of the second phase of the construction which contemplates the renovation of some 303 rooms in the "Las Vistas" hotel wing, including room refurbishing, renovation of common areas, restaurants and spa facilities and reconstruction of amenities on Palomino Island (the "IPG Project"), and related facilities and site work to be constructed on the Premises as set forth in the Plans, including any furnishings, fixtures, and equipment.

"Indemnified Party" has the meaning assigned to that term in Section 11.4(b) below.

"Indemnity Agreement" means the agreement among BORROWER, its partners and Lender, in form and substance acceptable to Lender, pursuant to which Lender will be indemnified by Borrower from certain risks and liabilities, including, but not limited to Hazardous Materials and other matters.

"Initial Advance" means the first advance of Loan proceeds to be made by Lender to BORROWER hereunder.

"Insurance Policies" means all policies of insurance and surety bonds required to be maintained by the BORROWER from time to time pursuant to the terms of this Agreement or any of the other Loan Documents, including, but not limited to hazard insurance, endorsed to the Lender as loss payee, and a thirty-day cancellation notice, as more specifically listed in Exhibit D.

"Interest Payment Date" means the date, which is the first day of each calendar month, commencing on the first (1st.) day of the month following the Conversion Date.

"Interim Loan" means the loan in the aggregate principal amount not to exceed Fifty Million Dollars (\$50,000,000.00) to be evidenced by the Interim Note, disbursed by the Lender to the BORROWER through each Loan Advance, and which, on the Conversion Date, will convert into the Term Loan.

"Interim Loan Period" means the period of time between the date hereof and the Conversion Date.

"Interim Note" has the meaning assigned to that term in Section 2.10 below.

"IPG Program" or "Program" has the meaning assigned to those terms in the Preamble to this Agreement.

"Late Charge" means two percent (2%) of the overdue amount.

"Leasehold Mortgage" means the mortgage in the principal sum of ONE MILLION DOLLARS \$1,000,000.00 made by the BORROWER, as the mortgagor, to the order of the Lender, payable on demand, constituted as per the terms of Deed No. Two (2), executed in San Juan, Puerto Rico on even date hereof before Notary Public José R. Jiménez del Valle.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan" means, collectively, the Interim Loan and the Term Loan.

"Loan Advances" means each advance of Loan proceeds by Lender to BORROWER based on requisitions based on incurred costs pursuant to the provisions hereof.

"Loan Budget Amounts" means the portion of the Loan set forth in the Project Cost Statement to be advanced for each category of Hard Construction Costs and Soft Costs.

"Loan Documents" means the Notes, this Agreement, the Mortgage, the Leasehold Mortgage, the Mortgage Note, the Construction Contract, the Bonds, the Indemnity Agreement, the agreements of the General Contractor and BORROWER's Architect with Lender, the Assignment of Lessor's Interest in Leases, the Mortgage Notes Pledge and Security Agreement, the Guaranty, the Security Agreement, the UCC-1 Statements, the Subordination Agreement, the Pledge and Security Agreement (Reserve Accounts), the Assignment of Hotel Management Agreement, the Intercreditors Agreement and, on and after the date of delivery thereof, each other agreement, document or instrument delivered under the terms of this Agreement or any other Loan Document, in each case as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, as identified in Exhibit E attached hereto and made part hereof.

"Loan Parties" has the meaning assigned to that term in Exhibit C attached hereto.

"Loan to Value Ratio" means, at any time, the quotient, expressed as a percentage, of the aggregate outstanding principal amount of the Loan plus outstanding principal the Senior Loan, divided by the fair market value of the Mortgaged Property, as shown in the most recent Appraisal delivered to the Lender.

"Management Agreement" means that certain hotel management agreement by and between the Borrower and Urbana Management LLC, dated July 17, 2019, as

amended, for the management and operation of the Project, to be subordinated to the payment of the Loan.

"Material Adverse Effect" means, with respect to any circumstance, act, condition or event whatever nature (including any adverse determination in any litigation, arbitration, or government investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, or circumstance or circumstances, whether or not related, which would reasonably be expected to have a material adverse change in or materially adverse effect upon (a) the assets, business, operations or condition (financial or otherwise) of the BORROWER; (b) the rights and remedies available to the Lender under the Loan Documents; (c) the ability of the BORROWER to perform its obligations under the Loan Documents; (d) the validity, legality or enforceability of this Loan Agreement or any other Loan Document; (e) the lien of the Lender under any Collateral, or the priority of any other such Lien; or, (f) the ability of the BORROWER to construct the Project substantially in accordance with the requirements of this Loan Agreement and the other Loan Documents.

"Mortgage" means the mortgage in the principal sum of FIFTY MILLION DOLLARS \$50,000,000.00 securing the Mortgage Note for said amount made by the BORROWER, as the mortgagor, to the order of the Lender, payable on demand, constituted as per the terms of Deed No. One (1), executed in San Juan, Puerto Rico on even date hereof before Notary Public José R. Jiménez del Valle.

"Mortgaged Property" means the Premises, the Improvements and all other property constituting the "Mortgaged Property", as said quoted term is defined in the Mortgage and the Leasehold Mortgage.

"Mortgage Notes" means, collectively, the mortgage notes in the aggregate principal amount of Fifty Million Dollars (\$50,000,000.00) and One Million Dollars (\$1,000,000.00, secured by the Mortgage and the Leasehold Mortgage, respectively, pledged by BORROWER to Lender hereunder to secure the Loan and all obligations under the Loan Documents.

"Mortgage Note Pledge and Security Agreement" means the agreement in form and substance acceptable to Lender pursuant to which BORROWER shall grant to Lender a pledge and security interest in the Mortgage Note and proceeds therein described, as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time.

"Net Income" means, for any period, net income (or net loss, as the case may be) properly attributable to the conduct of business for such period, as determined in accordance with GAAP.

"Notes" means, collectively, the Interim Note and the Term Note.

"Obligations" means, with respect to any Person, any obligation of such Person of any kind (including, without limitation, overdrafts), including, without limitation, any

liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding. Without limiting the generality of the foregoing, the Obligations of the BORROWER under the Loan Documents include (i) the obligation to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by the BORROWER under any Loan Document, and (ii) the obligation to reimburse any amount in respect of any of the foregoing that the Lender, in its sole discretion, may elect to pay or advance on behalf of the BORROWER.

"OFAC List" means the list of specially designated nationals and blocked Persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the U.S. Treasury Department, Office of Foreign Assets Control pursuant to any requirements of law, including, without limitation, trade embargo, economic sanctions, or other prohibitions imposed by Executive Order of the President of the United States. The OFAC List is accessible through the internet website <https://sanctionssearch.ofac.treas.gov/>.

"Organic Act" has the meaning assigned to that term in the Preamble to this Agreement.

"Other Taxes" has the meaning assigned to that term in Section 3.8(b) below.

"P&I Reserve Account" has the meaning assigned to that term in Section 7.1(gg) below.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (i) Liens for Taxes, assessments and governmental charges or levies not yet due and payable or to the extent not required to be paid; (ii) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than **thirty (30) days**; (iii) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; (iv) easements, rights of way and other encumbrances on title to real property existing as of the Closing Date or that do not render title to the property encumbered thereby, unmarketable or affects the use of such property for its present purposes; (v) Liens securing surety, indemnity and performance bonds entered into in the ordinary course of business as to which full reserves are maintained; (vi) Liens over assets to be acquired via capital leases in an aggregate amount not to exceed Two Million Dollars (\$2,000,000.00), incurred in the ordinary course of business subject to the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed and (vii) Liens in existence on the Closing Date securing the Senior Loan without giving effect to any extensions, modifications or renewals thereof.

"Person" means and includes any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party, or government (whether national, federal, state, county, city, municipal, or otherwise, including, without limitation, any instrumentality, division, agency, body, or department thereof), and including the BORROWER.

"Plans" means all final drawings, plans and specifications prepared by BORROWER, BORROWER's Architects, or the General Contractor as approved by the pertinent Governmental Authorities and presented to Lender and the Construction Consultant, which describe and show the labor, materials, equipment, fixtures, and furnishings necessary for the construction of the Improvements, including all amendments and modifications thereof.

"Pledge and Security Agreement (Reserve Accounts)" means the agreement in form and substance acceptable to Lender pursuant to which BORROWER shall grant to Lender a pledge and security interest in the P&I Reserve Account and the Replacement Reserve Account and proceeds therein described.

"Premises" means the real property described in the Mortgage upon which the Improvements are to be constructed, as described in Exhibit F.

"Program Guidelines" has the meaning assigned to that term in the Preamble of this Agreement.

"Prohibited Person" means any Person: (i) listed in the Annex to, or otherwise subject to the provisions of, the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the "Executive Order"); (ii) that is owned or controlled by, or acting for or on behalf of, any Person that is listed to the Annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) with whom the Lender is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order; (iv) who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; (v) that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information> or at any replacement website or other replacement official publication of such list; or (vi) who is an Affiliate of or affiliated with a Person listed above.

"Project Cost Statement" means a statement setting forth the financing sources and uses projection, setting forth, by category, the Loan Budget Amounts in respect of the Hard Construction Costs Loan and the Soft Costs Loan, as amended from time to time in accordance with the terms of this Agreement, in the form of the initial Project Cost Statement attached hereto as Exhibit G. The Project Cost Statement may be amended

from time to time by BORROWER with the Lender's prior written approval, which approval will be subject to the discretion, in good faith of the Lender.

"Related Entity" means any Subsidiary and/or any Person with a direct or indirect interest in the Borrower, in any of the Borrower's Affiliates or in any entity related to Borrower through common ownership and/or management. For the avoidance of the doubt, Related Entities also include the Guarantors.

"Related Entity Loan" means any Debt of the Borrower with any Related Entity, with any Subsidiary and/or Affiliate.

"Replacement Reserve Account" shall have the meaning set for in Section 7.1 (hh) hereof.

"Reportable Event" means any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to an ERISA Plan.

"Required Financial Covenants" means the financial ratios and other financial information described in Section 7.3 hereof.

"Requisition" means a statement by BORROWER in the form of Exhibit H hereto setting forth the amount of the Loan requested in each instance and including:

- (a) the Hard Construction Costs and Soft Costs incurred and to be incurred;
- (b) the General Contractor's cost certification in form acceptable to Lender;
- (c) if requested by Lender, "Payments Receipts" from the General Contractor or suppliers;
- (d) proof of payment of all Soft Costs covered by Requisitions previously funded by PRDOH; and
- (e) a certification that the General Contractor and all sub-contractors are in compliance with the legal and regulatory requirements established in the Award Letter and this Agreement.

"Security Agreement" means the agreement in form and substance acceptable to Lender pursuant to which a security interest is granted to Lender on certain assets and property of the BORROWER.

"Senior Loan" means that certain loan in the aggregate principal amount of TWENTY MILLION DOLLARS (\$20,000,000.00) granted under the "Coop Credit Facility".

"Soft Costs" means all costs of completion of the Improvements other than Hard Construction Costs, including but not limited to, architects', consultants', and attorneys'

fees, recording fees, real estate taxes, Survey costs, Appraisal costs, insurance premiums, advertising and/or all other fees related thereto.

"Soft Cost Statement" means a statement of Soft Costs incurred and to be incurred, to be prepared by BORROWER and submitted to Lender with each Requisition.

"Solvent" means, as to any Person, that (a) the fair value and present fair saleable value of such Person's assets is in excess of the total amount of such Person's stated liabilities; (b) the present fair saleable value of such Person's assets is in excess of the amount that will be required to pay such Person's probable liability on such Person's Debt as such Debt becomes absolute and mature; (c) such Person does not have unreasonably small capital to carry on the business in which such Person is engaged and all businesses in which such Person is about to engage; and (d) such Person has not incurred Debt beyond such Person's ability to pay such Debt as it matures.

"Subsidiary" means any corporation, partnership, limited liability company, joint venture, trust or other entity of which the BORROWER owns (either directly or indirectly) either (i) a general partner, managing member or other similar interest or (ii) (A) more than fifty percent (50%) of the outstanding voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) more than fifty percent (50%) of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

"Stafford Act" has the meaning assigned to the term in Section 3.10 below.

"Survey" means a survey of the Premises (and all improvements thereon) which is (i) prepared by a surveyor or engineer licensed to perform surveys in the jurisdiction where the Premises is located, (ii) dated (or redated) not earlier than six (6) months prior to the date of delivery thereof unless there shall have occurred within six (6) months prior to such date of delivery any exterior construction on the site of such Premises or any easement, right of way or other interest in the Premises has been granted or become effective through operation of law or otherwise with respect to such Premises which, in either case, can be depicted on a survey, in which events, as applicable, such survey shall be dated (or redated) after the completion of such construction or if such construction shall not have been completed as of such date of delivery, not earlier than **twenty (20) days** prior to such date of delivery, or after the grant or effectiveness of any such easement, right of way or other interest in the Premises, (iii) certified by the surveyor (in a manner reasonably acceptable to the Lender) to the Lender and the Title Insurer, (iv) complying in all respects with the minimum detail requirements of ALTA as such requirements are in effect on the date of preparation of such survey, (v) reasonably acceptable to the Lender and (vi) showing (a) the location of the perimeter of the Premises by courses and distances, (b) all easements, rights-of-way, and utility lines referred to in the title policy required by this Agreement or which actually service or cross the Premises, (c) the lines of the streets abutting the Premises and the width thereof, and any established building lines, (d) encroachments and the extent thereof upon the Premises, (e) the Improvements to the extent constructed, and the relationship of the Improvements by

distances to the perimeter of the Premises, established building lines and street lines, and (f) if the Premises are described as being on a filed map, a legend relating the survey to said map.

“Subordination Agreement” means the agreement in form and substance acceptable to Lender pursuant to which any payment to TT Investment LLC, Summit Partners, LLC, and 1840 Investors Series, LLC-Series 1 on existing loans will be subordinated to the payment of any amount due under the Loan.

“Taxes” has the meaning assigned to that term in Section 3.8(a) below.

“Term Loan” has the meaning assigned to that term in Section 3.2 below.

“Term Loan Maturity Date” means ten (10) years from the Conversion Date

“Term Loan Period” means the period of time between the Conversion Date and the Maturity Date.

“Term Note” means a Promissory Note in form and substance acceptable to Lender to be issued by the BORROWER on the Conversion Date to evidence the Term Loan.

“Termination Event” means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of the BORROWER or any ERISA Affiliate of the BORROWER from an ERISA Plan during an ERISA Plan year in which it was a “substantial employer” as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate an ERISA Plan or the treatment of an ERISA Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate an ERISA Plan by the PBGC under Section 4042 of ERISA, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

“Title Insurance Policy” means an ALTA mortgagee title insurance policy in form and substance reasonably acceptable to the Lender issued in favor of the Lender with respect to the Premises or any part or interest thereof and insuring the Lien of the Mortgage encumbering the Premises or any part or interest thereof.

“Title Insurer” means the issuer, approved by the Lender, of the Title Insurance Policy.

“Uniform Commercial Code” shall mean the Commercial Transactions Act of the Commonwealth of Puerto Rico created by Act No. 208 of August 17, 1995, as amended, supplemented and in effect from time to time in the Commonwealth of Puerto Rico, and any successor statute; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any

Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction. Uniform Commercial Code means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provision hereof relating to such perfection or effect of perfection or non-perfection.

"Unique Entity ID" means a unique entity identifier generated in the System Award for Management (www.sam.gov), as the official identifier for doing business with the United States Government.

Section 1.2 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

Section 1.3 Accounting Terms and Determinations. As used in this Agreement and in any certificate, report or other document made or delivered pursuant hereto, unless the context otherwise requires, accounting terms not otherwise defined or only partly defined herein (to the extent not defined) shall be construed, calculations hereunder shall be made and financial data required hereunder shall be prepared, both as to classification of items and as to amounts, in accordance with GAAP.

ARTICLE II THE LOAN; LOAN ADVANCES

Section 2.1 Loan Advances. Subject to the provisions of this Agreement, Lender will make non-revolving disbursements to the BORROWER from time to time from the Closing Date until the Conversion Date under the Interim Loan as follows:

(a) The Initial Advance will be made upon the satisfaction of the applicable conditions set forth in Article IV hereof, and all subsequent advances shall be made thereafter and shall be based on the construction completion schedule incorporated in the construction schedule, upon the satisfaction of the applicable conditions set forth in Article V hereof, in amounts which shall be equal to the proportionate aggregate of the Loan Budget Amounts of the Hard Construction Costs and Soft Costs (as shown in the Project Cost Statement, the Hard Construction Cost Statement, and the Soft Cost Statement and indicated in Section 2.2 and Section 2.3 below) incurred by BORROWER through the end of the period covered by the Requisition less:

(i) the total of the Loan Advances for such items theretofore made; and, at the election of Lender, less any combination of the following further amounts:

(ii) all or a portion of the amount by which any Hard Construction Costs or Soft Costs are or are reasonably estimated by Lender to be greater than the respective Loan Budget Amounts for such costs; and/or

(iii) any Hard Construction Costs covered by the Requisition not approved, certified, or verified as provided in Section 2.2 hereof, any Soft Costs covered

by a previous Requisition for which proof of payment, if requested, has not been received by Lender, and/or any Hard Construction Costs covered by a previous Requisition for which Payment receipts have not been received by Lender and the Construction Consultant, if so requested.

Section 2.2 Hard Construction Costs. Hard Construction Costs are to be certified by the BORROWER and the General Contractor. The Lender, through the Construction Consultant, shall verify the monthly progress, Hard Construction Costs which have been incurred by BORROWER from time to time, and the estimated total Hard Construction Costs.

Section 2.3 Project Cost Statement. Loan Advances for Soft Costs will be based on the Project Cost Statement, the progress of the construction, and costs actually incurred, and will be subject to verification by Lender.

Section 2.4 Making of Loan Advances to BORROWER. All Loan Advances to BORROWER are to be made at Lender's principal office or at such other place as Lender may designate. Requisitions shall be received by Lender at least **thirty (30) Business Days** prior to the date of the requested Loan Advance. The BORROWER may not reborrow Loan Advance after repayment and/or prepayment of the whole or any part thereof.

Section 2.5 Loan Budget Amounts. Loan Budget Amounts for Hard Construction Costs not advanced during the course of construction of the Improvements shall be advanced upon the satisfaction of the conditions set forth in Section 4.2 hereof. Loan Budget Amounts for Soft Costs not advanced prior to the completion of the construction of the Improvements shall be advanced until exhausted not more frequently than once a month as incurred after such completion up to the Conversion Date.


Section 2.6 INTENTIONALLY LEFT BLANK.

Section 2.7 INTENTIONALLY LEFT BLANK.


Section 2.8 Balancing of Loan. It is expressly understood and agreed that each portion of the Loan shall always be in balance. The Loan shall be deemed to be "in balance" only when the sum of the undisbursed proceeds of the Loan, shall equal or exceed the amount necessary, in Lender's reasonable opinion, to fully pay for the development and construction of the Improvements, including, without limitation, financing and carrying costs of the Premises and the Improvements. BORROWER agrees that if for any reason Lender reasonably determines the Loan is not in balance, regardless of the cause for such condition, BORROWER will, within ten (10) calendar days after written request by Lender, deposit the deficiency with Lender, which deposit shall first be exhausted before any further disbursement of the Loan shall be made. Until the amount equal to the deficiency is so deposited or disbursed, Lender shall be under no obligation to make Loan Advances.

Section 2.9 Loan Advances to Third Parties. BORROWER does hereby irrevocably authorize Lender, at Lender's discretion, to make Loan Advances directly to the General

Contractor and other Persons to pay for work included in a Requisition submitted by BORROWER which has been approved by the Construction Consultant and Lender, and/or to make payments jointly to both General Contractor and BORROWER. No further direction or authorization from BORROWER shall be necessary to warrant such payments and all such payments shall satisfy *pro tanto* the obligations of Lender hereunder and shall be secured by the Mortgage and other Loan Documents as fully as if made to BORROWER regardless of the disposition thereof by the General Contractor or other Person. If an Event of Default shall exist hereunder and BORROWER does not submit Requisitions and related documents for Hard Construction Costs on a timely basis, Lender is authorized to advance Loan proceeds directly to the General Contractor in the amounts as set forth hereunder, based on the General Contractor's certification, and/or other pertinent documents, and Lender's verification and approval. Such payments shall be considered Loan Advances and shall be secured by the Mortgage and other Loan Documents. In order for the Lender to make direct payments to the General Contractor and other Persons to pay for work included in a Requisition submitted by BORROWER, the General Contractor and/or any such Person must certify, it and/or they, have complied with the legal and regulatory requirements of the Award Letter and this Agreement.



Section 2.10 Delivery of Interim Note. All Loan Advances to be made to the BORROWER under this Agreement shall be evidenced by a single promissory note (the "Interim Note") substantially in the form of Exhibit I hereto, dated the date hereof, payable to the order of the Lender and representing the obligation of the BORROWER to pay the principal amount of the Loan Advances made hereunder and to pay interest with respect thereto as set forth hereinafter.



The date and amount of each Loan Advance and all repayments with respect thereto shall be recorded on a schedule (or continuation thereof) attached to the Interim Note or any similar record maintained by the Lender with respect thereto. The failure to record, or any error in recording, any such Loan Advance or repayment on such schedule or similar records shall not however affect the Obligations of the BORROWER hereunder or under the Interim Note to repay the principal amount of the Loan Advances together with all interest accruing thereon. Such schedule or similar records as maintained by the Lender shall constitute *prima facie* evidence of the outstanding amount of the Loan made hereunder and of the accuracy of all the information therein recorded. The acceptance by the BORROWER of a Loan Advance shall be considered as an acknowledgment by BORROWER that as of the date the Loan Advance is made, it knows of no defenses or claims against Lender under any Loan Document.

Section 2.11 Acceptance of Bonds. Of the portion of the Loan allocated for Site Improvements or Construction, no Loan Advances will be made until the Bonds and all Loan Documents related to the site improvements and construction shall have been received and accepted by the Lender.

Section 2.12 Contingencies. Of the portion of the Loan allocated for contingencies no costs will be incurred unless previously approved in writing by Lender.

Section 2.13 Use of Proceeds. The BORROWER acknowledges that the Loan has been granted exclusively for the development and construction of the Improvements as herein defined.

**ARTICLE III
TERMS OF THE LOAN**

Section 3.1 Applicable Interest Rate. Interest on the principal outstanding of the Loan from time to time, shall accrue at the Applicable Interest Rate and shall be paid on each Interest Payment Date; provided, however, that the interest accrued during the Interim Loan Period shall be paid on the Conversion Date.

During such time as an Event of Default shall have occurred and be continuing, interest shall accrue and be paid at the Default Interest Rate. If any payment of principal or interest is made more than **ten (10) days** after its due date, the BORROWER shall pay the Late Charge in addition to all other sums due.

Section 3.2 Conversion to Term Loan. On the Conversion Date when the last Loan Advance is made, provided no Event of Default or event which with the giving of notice or passage of time, or both shall have occurred and be continuing, and provided that all other conditions precedent established in Section 5.2 shall have been complied with, the Interim Loan in a maximum amount of Fifty Million Dollars (\$50,000,000.00), shall convert to a term loan (the "Term Loan"), and no further Loan Advances will be made.

The principal and interest of the Term Loan will be repaid in One Hundred Nineteen (119) consecutive monthly installments commencing on the first day of the first calendar month following the Conversion Date and on each Interest Payment Date thereafter, in the amounts set forth in Exhibit J hereof, and one final installment of principal and interest and any other outstanding amounts due on the Term Loan Maturity Date.


Section 3.3 Term Loan Maturity Date. Unless sooner repaid as herein established, or accelerated by default or otherwise, all amounts of principal and interest on the Loan will be due and payable on the Term Loan Maturity Date.

Section 3.4 Prepayment. Provided that no uncured Event of Default exists as of the date of prepayment and that Borrower has achieved the National Objective on or before September 30, 2024, the Loan may be prepaid in part or in full, at any time during the Interim Loan Period or on any Interest Payment Date during the Term Loan Period. Partial prepayments during the Term Loan Period shall be applied to installments of principal in the inverse order of maturity.

Section 3.5 Payments and Computations. (a) The BORROWER shall make each payment hereunder and under the Notes not later than 2:00 P.M. (Puerto Rico time) on the day when due in United States dollars to the Lender. All such payments shall be made free and clear of and without deduction for any and all present or future Taxes, and all liabilities with respect thereto imposed by the Commonwealth, the United States, or any political subdivision of either, without presentment, demand, protest or other formalities


of any kind and irrespective of any claim, set-off, defense or other right which the BORROWER may have at any time against the Lender or any other Person, under all circumstances.

(b) All computations of interest shall be made by the Lender on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. Each determination by the Lender of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.



Section 3.6 Maximum Legal Rate of Interest. Anything herein to the contrary notwithstanding, the obligations of BORROWER under this Agreement shall be subject to the limitation that payments of interest and other sums shall not be required to the extent that receipt of any such payment by the Lender would be contrary to provisions of law applicable to the Lender limiting the maximum rate of interest or other amounts which may be charged or collected by the Lender. Should any interest or other charges, fees or payments made by BORROWER, or parties liable for payment, in connection with the Loan or any document delivered in connection with the Loan, result in the computation or earning of interest in excess of the maximum rate of interest or payment of other amounts which is legally permitted under applicable law, if any, then any all such excess shall be and the same is hereby waived by the Lender, and any and all such excess shall be automatically credited against the outstanding balance of the Loan due, and any excess shall be paid by BORROWER to the Lender, or as required or permitted by law, without further liability to the Lender.

Section 3.7 Term Note. On the Conversion Date, the BORROWER shall deliver to the Lender the Term Note, substantially in the form of Exhibit K hereto.



Section 3.8 Taxes. (a) Any and all payments by the BORROWER hereunder or under the other Loan Documents shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, charges, sales and use taxes or withholdings, and all liabilities with respect thereto (all taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the BORROWER shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any other Loan Document to the Lender, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.8) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the BORROWER shall make such deductions and (iii) the BORROWER shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the BORROWER agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the other Loan Documents, or from the execution, delivery, or registration of, or otherwise with respect

to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").


Section 3.9 Loan Forgiveness.

(a) Partial loan forgiveness is governed according to the Program Guidelines, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), and applicable Federal, Commonwealth and local regulations.


(b) If the BORROWER meets specific program goals, it will be eligible to have up to fifty percent (50%) of the Loan forgiven, upon satisfactory payments of the required portion of the Loan.

(c) The forgivable portion will not be repayable unless the BORROWER is in Default or does not meet the loan forgiveness requirements. If the BORROWER is in Default under the terms of this Agreement, or does not comply with the Program Guidelines, the Loan will be subject to full repayment pursuant to the terms of this Agreement.

(d) Exhibit L establishes the specific requirements to be met by the BORROWER and the percentage of Loan forgiveness that is associated to the compliance of such requirements.



Section 3.10 Duplication of Benefits. Pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (the "Stafford Act"), the Lender, as grantee, and its Subrecipients (as defined in the Act) cannot provide benefits to an applicant that has already received duplicate benefits under any other program, insurance policy, or any other source of financial assistance for an event declared a disaster by the President of the United States of America.



A duplication of benefits ("DOB") occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount of the DOB is the amount received in excess of the total need for the same purpose.

The Lender may recapture disbursements it makes to BORROWER if the Lender determines, in its sole discretion, that the Loan proceeds distributed to the BORROWER are DOB.

Section 3.11 Overpayment. BORROWER shall be liable to the Lender for any costs disallowed pursuant to financial and/or compliance audit(s) of funds received under this Agreement. BORROWER shall reimburse such disallowed costs from funds other than those BORROWER received under this Agreement.

Section 3.12 National Objectives. The Loan must be used to meet one of the three national objectives of 24 CFR 570.208 of "Job Creation Activity", in that it will

demonstrate a "benefit to low and moderate income persons". Further, the Borrower shall:

(a) The Project must create or retain at least 500 permanent jobs where at least fifty one percent (51%) of the jobs, computed on a full time basis, involve the employment of low or moderate income persons;

(b) Meet the National Objective(s) set forth in the Award Letter on or before January 31, 2025;

(c) Borrower will provide evidence acceptable to the Lender that the National Objective(s) set forth in the preceding Section (a) of the Award Letter is (are) achieved on or before the date established in the preceding Section (b).

(d) Borrower shall document compliance with the low-and-moderate income persons ("LMI") full-time equivalent ("FTE") jobs creation by providing to the Lender the following documents and/or information and such other documents or information as may be required by Lender, all in form and substance reasonably acceptable to Lender:

i. A written statement that at least 51 percent (51%) of the jobs created or retained, measured on a FTE basis, will be held by LMI persons;

ii. A listing, by job title, and total count measured on a FTE, 40 hrs/week basis, of the permanent jobs that will be created;

iii. The annual wages or salary of each permanent job that will be created;

iv. Identification of any jobs to be created for LMI persons that will require special skills or education beyond a high school degree.

1. Any such job must be accompanied by a written commitment from the employer (including but not limited to the BORROWER, commercial tenants, or subtenants) to provide the necessary skills training to count as an eligible LMI job.

v. Evidence supporting the total number of LMI jobs actually created and filled along with the salary/wages paid (usually a Payroll Report) collected on a quarterly basis through the established compliance period;

vi. Demographic information for each person initially receiving a created job that includes race, ethnicity, gender, and marital status; and,

vii. Using the information submitted with items (b) through (d) above, determination that at least 51% FTE jobs created or retained have annual wages/salary at or below the 80% income limit for a 1-person family based on the HUD CDBG-DR Adjusted Income Limits for Puerto Rico, using applicable HUD LMI limits for the year in which the jobs were created.

In the event that Borrower does not comply with the National Objective requirement as set forth in this agreement, the Loan will not be forgiven. Notwithstanding the aforementioned, to the extent Borrower voluntarily or involuntarily prepays the Loan, in whole or in part, prior to achieving the National Objective within the time limit

established in this agreement, Borrower shall compensate Lender for such noncompliance in the amount of an additional seven and a half percent (7.5%) of the Term Loan outstanding principal balance as of the Conversion Date.

**ARTICLE IV
CONDITIONS PRECEDENT TO LENDER'S OBLIGATION TO MAKE
THE INITIAL ADVANCE**

Section 4.1 Conditions Precedent for Initial Advance. Lender shall not be obligated to make the Initial Advance until the following conditions shall have been satisfied:

(a) There shall have occurred no Material Adverse Effect since June 30, 2021;

(b) Lender shall have received and approved the items specified in Sections 4.2, 4.3 and 4.4 below;

(c) The Construction Consultant shall have received and reviewed the items specified in Section 4.3 below;

(d) Lender's Counsel shall have received and reviewed the items specified in Section 4.4 below;

(e) The representations and warranties made in each Loan Document shall be true and correct on and as of the date of the Initial Advance with the same effect as if made on such date;

(f) There shall exist no action, suit, investigation, litigation or proceeding affecting the BORROWER or, to the knowledge of the BORROWER, threatened before any court, Governmental Authority or arbitrator that (i) is reasonably likely to affect the business and operations of the BORROWER, (ii) is reasonably likely to affect the Premises and/or the Improvements or (ii) purports to affect the legality, validity or enforceability of this Agreement, any other Loan Document or the consummation of the transactions contemplated hereby or thereby;

(g) The Improvements, if any, shall not have been injured or damaged by fire or other casualty unless Lender shall have received insurance proceeds (together with additional funds reasonably approved by Lender) to be sufficient in the reasonable judgment of the Lender to effectuate the satisfactory restoration of the Improvements and to permit completion of the Improvements prior to the Construction Completion Date;

(h) There shall exist no Event of Default under this Agreement or the other Loan Documents and no event shall have occurred which after notice or the passage of time, or both, would give rise to an Event of Default thereunder and BORROWER shall not be in default (after the giving of any required notice and the

expiration of any available cure period) under any other instrument or agreement with Lender or under any agreement with any other Person, including without limitation any covenant with the Senior Lender or any Governmental Authority;

(i) There shall be no eminent domain or other government or judicial action or proceeding, of any nature, pending or threatened against or affecting any of the Premises or any part thereof or the construction and/or development of the Improvements which would in the Lender's sole opinion affect the use, construction, or development of the Improvements;

(j) All agreements with contractors, subcontractors, architects and engineers, relating to the construction of the Improvements entered into as of the applicable date, shall be in full force and effect or shall have been agreed to, shall comply with all Program Guidelines, HUD General Provisions and the Award Letter, and shall be reasonably satisfactory to Lender;

(k) BORROWER shall have acquired insurable, marketable and recordable title and right to construct the Improvements on the Premises through the appropriate public instrument in form and substance reasonably satisfactory to Lender;

(l) BORROWER shall comply with all conditions set forth in the Program Guidelines, HUD General Provisions and the Award Letter;

(m) Lender shall have received evidence that the Loan funds set aside by the Senior Loan, equal to TWENTY MILLION DOLLARS \$ 20,000,000.00, are available to BORROWER;

(n) It is understood that any sums in excess of those shown on the Project Cost Statement now projected or hereafter required for the completion of either Project, shall be for the sole account of the BORROWER and the Lender shall have no obligation for any such additional sums.

Section 4.2 Items Approved by Lender. The following items to be received and/or approved by Lender prior to closing of this Agreement shall be:

(a) Payment by the BORROWER of all fees related to the preparation, negotiation, execution and delivery of Loan Documents and the consummation of the transactions contemplated hereby and thereby (including, without limitation, notarial fees);

(b) Audited Financial Statements of the Borrower, the Corporate Guarantor and the General Contractor and sworn financial statements for each of the Personal Guarantors, such other financial data as Lender requires;

(c) Ownership participation schedule providing a detail of BORROWER's owners and their respective participation shares (total number of equity securities and percentage of ownership);

(d) Certifications issued to the BORROWER, the General Contractor and any sub-contractor evidencing compliance with Exhibit M attached hereto;

(e) Such financial, business and other information regarding the BORROWER, the Guarantors, and the General Contractor and such other information as the Lender shall have requested, including, without limitation, information as to possible contingent liabilities, tax matters, environmental matters, obligations welfare plans, collective bargaining agreements and other arrangements with employees;

(f) Advice from the Construction Consultant to the effect that (i) the Plans have been received by him, and have been approved or are in the process of being approved by all pertinent Governmental Authorities, (ii) the Improvements will comply with all applicable zoning and construction laws, Environmental Law, ordinances and regulations, and all applicable requirements established in this Agreement, the Award Letter, the Program Guidelines and under HUD General Provisions, (iii) the Construction Contract is in effect and satisfactorily provides for the construction of the Improvements, (iv) all roads and utilities necessary for the full utilization of the Improvements for their intended purposes have been completed or the presently installed and proposed roads and utilities will be sufficient for the full utilization of the Improvements for their intended purpose and (v) the construction of the Improvements theretofore performed, if any, was performed in accordance with the Plans and will be finished along with all necessary roads and utilities on or before the Construction Completion Date;

(g) Copy of the Construction Contract, certified by BORROWER to be true and complete, together with a copy of BORROWER's agreement with BORROWER's Architect so certified. The terms and conditions of such agreements must be acceptable to Lender;

(h) Copy of the Management Agreement with Urbana Management LLC, as Hotel Operator;

(i) The Project Cost Statement;

(j) A Requisition for the Initial Advance, together with the documents required to be submitted therewith;

(k) Evidence satisfactory to Lender that all Taxes and other levies imposed upon the Premises and/or Improvements are fully paid and current;

(l) An Appraisal prepared by an appraiser approved by Lender in form and substance satisfactory to Lender and evidencing a fair market value of each of the Premises and of the Improvements;

(m) A progress schedule showing the interval of time over which each item of Hard Construction Cost and Soft Cost is projected to be incurred and paid and a breakdown of all Hard Construction Costs to be incurred;

(n) A copy of the public instruments relating to BORROWER's acquisition of the Premises and all documents related therewith;

(o) Payment and performance bonds and labor and materials payment bonds, each for penal sums equal to the amount of the Construction Contract, and a Wage Payment Bond for 20% of such amount, or as otherwise provided by law, each naming Lender as co-obligee, with a company having a rating of "A" or better and a financial size of "V" or better with Best Rating Service, and acceptable to Lender (collectively, the "Bonds");

(p) Evidence of the Insurance Policies required under the provisions of Exhibit D and evidence of the payment of all premiums required hereunder and/or under any other Loan Document, in the form of Certificates of Insurance or certified copies thereof and a broker's certificate that said policies are in full force and effect with the premiums prepaid and, where applicable, duly endorsed to the Lender;

(q) Copies of all documents related to construction, including without limitation, the Construction Contract, and agreements with and from the General Contractor and BORROWER's Architect;

(r) All documentation and other information required under "know your customer" and anti-money laundering rules and regulations, including, without limitation, information that will allow the Lender to identify the BORROWER in accordance with the USA Patriot Act (Title III of Pub. L. 107-56);

(s) Evidence acceptable to the Lender, that all conditions imposed upon BORROWER by its Operating Agreement as of the date of the Initial Advance with respect to making the Equity Investment have been complied with;

(t) Certificate of Borrower certifying compliance with the Program Guidelines, the HUD General Provisions and the Award Letter;

(u) This Agreement shall be duly registered at the Office of the Comptroller of Puerto Rico; and

(v) Any other document which Lender deems necessary.

Section 4.3 Items Reviewed by Construction Consultant. The following to be received and reviewed by the Construction Consultant for the Project before the closing of this Agreement shall be:

(a) Copies of any and all Governmental Approvals, for the use, occupancy and operation of the Premises and/or Improvements for the purposes contemplated from all applicable Governmental Authorities;

(b) Copies of all documents listed as exceptions to title in the Title Insurance, if any;

(c) A construction schedule for the Improvements;

(d) Evidence of the availability of electric power, sanitary and storm sewer and water facilities and all other utilities to and servicing the Premises upon completion of construction of the Improvements; and

(e) Any other document which Lender or the Construction Consultant deem necessary.

Section 4.4 Items Reviewed by Lender's Counsel. The following items to be received and reviewed, on Lender's behalf, by Lender's Counsel before the closing of this Agreement shall be:

(a) The Loan Documents and any other document reasonably deemed convenient by Lender;

(b) Title Insurance Policy with respect to the Mortgage in customary ALTA form, in an amount equal to the amount of the Mortgage with premiums paid thereon, issued by a title insurance company acceptable to the Lender, and insuring that the Mortgage constitutes a valid Lien on the Premises described therein, free and clear of any and all defects whatsoever, other than usual and ordinary title exceptions acceptable to the Lender at its discretion, and that the Premises is subject to no Liens or encumbrances other than customary easements which do not affect the full use and enjoyment of the Premises and Permitted Liens and copies of all documents listed as exceptions to title in the Title Insurance;

(c) Copies of any and all Governmental Approvals, for the use, occupancy and operation of the Premises and/or Improvements for the purposes contemplated from all applicable Governmental Authorities;

(d) Agreements from BORROWER's Architects and the General Contractor in form and substance acceptable to Lender's Counsel;

(e) A Survey of the Premises certified by a civil engineer or surveyor acceptable to Lender and the Title Insurer showing, among others:

(i) the location of the perimeter of the Premises by courses and distances,

(ii) all easements, rights-of-way, and utility lines referred to in the title policy required by this Agreement or which actually service or cross the Premises,

(iii) the lines of the streets abutting the Premises and the width thereof,

and any established building lines,

(iv) encroachments and the extent thereof upon the Premises,

(v) the Improvements to the extent constructed, and the relationship of the Improvements by distances to the perimeter of the Premises, established building lines and street lines, and

(vi) if the Premises are described as being on a filed map, a legend relating the survey to said map

(f) A certificate of good standing from the Department of State of the Commonwealth of Puerto Rico or a similar or equivalent document dated not more than **thirty (30) days** prior to the execution of this Agreement showing that the BORROWER is an entity duly organized, existing and in good standing under the laws of the Commonwealth and shall have received a copy certified by the secretary of the BORROWER dated not more than **thirty (30) days** prior to the date of execution of this Agreement of the corporate and other organizational documents of the BORROWER;

(g) A certificate of the secretary of the BORROWER certifying the names and true signatures of the officers of the BORROWER authorized to sign each Loan Document to which it is a party and the other documents to be delivered by it hereunder;

(h) An opinion of BORROWER's counsel in form and substance acceptable to the Lender and Lender's Counsel; and

(i) Any other document which Lender's Counsel deems necessary.

ARTICLE V
CONDITIONS PRECEDENT TO LENDER'S OBLIGATIONS TO
MAKE ADDITIONAL ADVANCES AND CONVERSION

Section 5.1 Conditions Precedent to Additional Advances. Lender's obligation to make Loan Advances after the Initial Advance shall be subject to the satisfaction of the following conditions:

(a) All conditions of Article IV shall have been and remain satisfied as of the date of such Loan Advance;

(b) Lender and the Construction Consultant shall have received and approved a Requisition for the Loan Advance, which approval will not be unreasonably withheld, together with such other documentation and information as either of them may reasonably require;

(c) If reasonably required by Lender, but not more than once during the Interim Loan Period, unless an Event of Default or an Event which with the giving of notice or passing of time, or both, would constitute such an Event of Default, shall have

occurred, it shall have received a continuation report of or endorsement to the Title Insurance Policy insuring the Mortgage to the date of such Loan Advance, in the form reasonably approved by Lender's Counsel, setting forth no additional exceptions (including Survey exceptions), except those approved by Lender;

(d) The Loan, after giving effect to the previous Loan Advances, together with the Equity Investment, and proceeds from the Senior Loan, is "in balance" as contemplated by Section 2.8; and

(e) The Senior Loan is not in Default;

(f) If required by Lender, it shall have received an updating of BORROWER's and Guarantor's counsel opinion in form and substance reasonably satisfactory to Lender.

Section 5.2 Conditions Precedent to Conversion. In the case of the last Loan Advance to be made on the Conversion Date as provided hereof, and as a condition precedent to the conversion to the Term Loan as set forth in Section 3.2 hereof, Lender shall also have received:

(a) All conditions of Article IV shall have been and remain satisfied as of the Conversion Date;

(b) Payment of all of the interest accrued during the Interim Loan Period;

(c) Advice from the Construction Consultant to the effect that construction of the Improvements has been completed, and any necessary utilities and roads have been finished and made available for use, substantially in accordance with the Plans and that the Construction Consultant has received satisfactory evidence of the approval and issuance of all Governmental Approvals by all Governmental Authorities for the Improvements in their entirety for permanent occupancy, and of the contemplated uses thereof, to the extent any such approval is a condition of the lawful use and occupancy thereof;

(d) Contractor's certificate, certifying that the Improvements have been completed substantially in accordance with the Plans and Specifications;

(e) Evidence reasonably satisfactory to Lender that all Taxes and other levies imposed upon the Premises and/or Improvements are fully paid and current;

(f) Certificate of occupancy and use permit for the Improvements issued by the appropriate Governmental Authorities;

(g) Final releases or a written payment certification as it may apply from all Persons who supplied services, labor or materials for the Improvements and certificates from the General Contractor and sub-contractors acknowledging such payments;

- (h) Execution of the following documents:
 - i. The Term Note;
 - ii. The Pledge and Security Agreement (Reserve Accounts);
 - iii. Deposit Account Control Agreement;
- (i) Amendment or modification of Deed of Mortgage, if applicable;
- (j) A certification that the Senior Loan is not in Default;
- (k) The Forgiveness Calculation Form signed and accepted by the Borrower, certifying compliance with Section 3.9; and
- (l) Such other evidence or documents as Lender may deem necessary, including but not limited to ratification of the terms of the Loan Agreement.

**ARTICLE VI
REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 6.1 Representations and Warranties of the BORROWER and the Guarantors. In order to induce the Lender in making the Loan hereunder, the BORROWER and/or the Guarantor makes the following representations and warranties to the Lender, each and all of which shall survive the execution and delivery of this Agreement:

(a) BORROWER and Guarantors are in compliance with all legal and regulatory requirements established in the Program Guidelines, the HUD General Provisions, the Award Letter and this Agreement.

(b) BORROWER is a limited liability company duly organized, and validly existing and in good standing under the laws of the Commonwealth of Puerto Rico, and has all requisite power and authority to conduct its business, to own its property and to execute, deliver and perform all of its obligations under this Agreement and each of the other Loan Documents to which it is a party, and it to conduct business in any other jurisdiction where the nature of its business or assets requires it to be so qualified to do business. The Corporate Guarantor is a limited liability company duly organized, and validly existing and in good standing under the laws of the Commonwealth of Puerto Rico, and has all requisite power and authority to conduct its business, to own its property and to execute, deliver and perform all of its obligations under this Agreement and each of the other Loan Documents to which it is a party, and it do not conduct business in any other jurisdiction where the nature of its business or assets requires it to be so qualified to do business. The Corporate Guarantor has all requisite power and authority to conduct its business, to own its property and to execute, deliver and perform all of its obligations under this Agreement and each of the other Loan Documents to which it is a party;

(c) This Agreement and each of the other Loan Documents constitute valid and binding obligations of the BORROWER and/or the Guarantors, and all the parties thereto which are affiliated with BORROWER, as applicable, enforceable in

accordance with their terms, subject to the effects of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally and the application of general principles of equity;

(d) The pledge and security interests herein granted creates in favor of the Lender, a perfected security interest in and Lien on the Mortgage Note and the Mortgage is a valid and enforceable mortgage lien on the Mortgaged Property, prior in rank to all other Liens, rights or claims against BORROWER and/or the Mortgaged Property, except the First Mortgage and the Permitted Liens, and the Mortgaged Property is free and clear of all Liens, except the Permitted Liens;

(e) The Financial Statements of the BORROWER and the Guarantors have been heretofore delivered to the Lender which are, as of their respective dates, true, correct and current in all respects and which fairly present the respective financial condition of the subjects thereof as of the respective dates thereof, all in accordance with GAAP, and the BORROWER and the Guarantor had no direct or contingent liabilities as of such dates which are not reflected in such financial statements. No Material Adverse Effect has occurred in the financial conditions reflected therein since the respective dates thereof and no borrowings (other than the Loan and the Senior Loan) which might give rise to a Lien or claim against the Mortgaged Property or Loan proceeds have been made by BORROWER or the Guarantors since the date thereof. The Financial Statements contain a complete and accurate list of all Debt of the BORROWER and/or the Guarantors outstanding on the date hereof, showing as of the date set forth thereon the principal amount outstanding thereunder (the "Existing Debt") and a complete and accurate list of all Liens existing as of the date hereof;

(f) There are no actions, suits or proceedings pending or to the knowledge of BORROWER threatened against or affecting it, the Guarantor, the Premises, the Improvements, the validity or enforceability of the Mortgage or other Collateral or the priority of the Lien thereof, and the Loan Documents, at law, in equity or before or by any Governmental Authorities which would, if adversely determined, substantially impair the ability of BORROWER or Guarantor to pay when due any amounts which may become payable under the Notes, the Guaranty or other Loan Documents, or would affect the validity or enforceability or prohibit the performance of this Agreement or any other Loan Document, or impair the ability of the BORROWER to carry on its business as now conducted;

(g) The execution, delivery and performance by the BORROWER and/or the Corporate Guarantor of the Loan Documents to which they are or will be a party, have been duly authorized by all necessary company action of the BORROWER and/or the Corporate Guarantor, as the case may be, and do not and will not (i) contravene their organization documents, (ii) violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree, determination or award and, (iii) constitute or result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument, or (iv) result in, or require, the creation or imposition of any mortgage, deed of trust, pledge, Lien, security interest or other charge or encumbrance of any nature (other than as required hereunder) upon or with respect to

any of the properties now owned or hereafter acquired by the BORROWER and/or the Guarantors. The BORROWER and the Guarantors are not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award, or in breach of any such indenture, agreement, lease or instrument;

(h) The Loan Parties represent and warrant that they and their 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;

(i) There exists no default (after the giving of any required notice and the expiration of any applicable cure period) under the Loan Documents or under the BORROWER's organizational documents, and no event has occurred and is continuing which after notice or the passage of time, or both, would give rise to a default thereunder, unless such event has been waived;

(j) The BORROWER and the Corporate Guarantor have filed all federal, state, Commonwealth and local tax returns required to be filed and have paid all Taxes shown thereon to be due, including interest and penalties, or have provided adequate reserves; therefore, no unpaid or uncontested assessments have been made against the BORROWER and/or the Corporate Guarantor by any Governmental Authority, nor has any penalty or deficiency been assessed by any such authority. All contested assessments have been disclosed to the Lender and adequate reserves have been made therefore. Such tax returns properly reflect the income and Taxes of the BORROWER and/or the Corporate Guarantor for the periods covered thereby, subject only to reasonable adjustments required by the corresponding taxing authorities upon audit;

(k) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for: (1) the due execution, delivery and performance by the BORROWER and/or Guarantors of each of the Loan Documents to which it is or will be a party, or for the consummation of the transactions contemplated hereby or thereby, (2) the grant by the BORROWER of the Liens granted by it pursuant to any Loan Document, (3) the filing, perfection or maintenance of any Liens created by any Loan Document or (4) the exercise by the Lender of its rights and remedies under the Loan Documents, except the filing of the Deed of Mortgage in the corresponding public registries of the Commonwealth. The BORROWER has all licenses, permits, rights, variances and other Governmental Approvals that are necessary to perform its various obligations under the Loan Documents, to own and operate its properties and assets and to conduct its business as currently conducted;

(l) The BORROWER and/or the Guarantors have good, marketable and insurable fee simple (pleno dominio) title to all assets and properties shown or reported in the Financial Statements most recently submitted to the Lender and all such assets and properties are free and clear of any encumbrances, mortgages, pledges, charges, leases, security interest and any other type of Lien, encumbrance and/or title restriction, except those reflected in the Financial Statements and those disclosed in writing to the Lender. The BORROWER has good, marketable and insurable fee simple (pleno dominio)

title to the Premises free and clear of all Liens, other than Permitted Liens and Liens created or permitted by the Loan Documents;

(m) The BORROWER holds all franchises and licenses required for its operations and said licenses and franchises are in full force and effect and no other approval, application, filing, registration, consent, or other action of any Governmental Authority is, or will be required to enable the BORROWER to operate under any such franchise and licenses. The BORROWER has not received any notice from the granting body or any other Governmental Authority with respect to any breach of any covenant under, or any default with respect to, any such franchises or licenses. Before and upon giving effect to this Agreement and the Loan Documents no default shall have occurred and be continuing under any such franchises and licenses. All consents and approvals of filings and registration with and all other actions in respect of, all Governmental Authorities or instrumentalities required to maintain any franchises and licenses in full force and effect prior to the scheduled date of expiration thereof have been, or, prior to the time when required, will have been, obtained, given, filed or taken and are or will be in full force and effect;

(n) All Insurance Policies including, without limitation, policies of life, fire, theft, product liability, public liability, property damage, other casualty, employee fidelity, worker's compensation, employee health and welfare, title, property, and liability insurance, are in full force and effect and are of a nature and provide such coverage as is sufficient and as is customarily carried by companies of the size and character of the BORROWER. The BORROWER has not been refused insurance for which it applied or had any policy of insurance terminated (other than at its request);

(o) The Plans are satisfactory to them, have been reviewed and accepted by the General Contractor, BORROWER's Architect and, to the extent required by applicable law or any effective restrictive covenant, by all Governmental Authorities, and the beneficiary of any such covenant; all construction, if any, already performed on the Improvements have been performed on the Premises substantially in accordance with the Plans accepted or approved by the Persons named above and with any restrictive covenants applicable thereto. The BORROWER has not been advised by Lender's Construction Consultant that there are any structural defects in the Improvements which, in the opinion of such Lender's Construction Consultant, will impair in any manner the use or occupancy of the Improvements or violations of any requirement of any Governmental Authorities with respect thereto; the planned use of the Improvements complies with applicable zoning ordinances, regulations and restrictive covenants affecting the Premises as well as all environmental, ecological, landmark, building and other applicable laws and regulations, and all requirements for such uses have been satisfied. The Plans are the same as the plans referred to in the agreement from BORROWER's Architects and in the building permits for the Improvements;

(p) All utility services necessary for the construction of the Improvements and the operation thereof for their intended purposes are available, or will be made available prior to the completion of the Improvements, at the boundaries of the Premises,

including water supply, storm and sanitary sewer, gas, electric power and telephone facilities;

(q) Each Requisition presented to Lender, and the receipt of the funds requested thereby, shall constitute an affirmation that the representations and warranties contained in this Section 6.1 remain true and correct as of the respective dates thereof;

(r) All roads necessary for the full utilization of the Improvements for their intended purposes have either been completed or the necessary rights of way therefor will be acquired by appropriate Governmental Authorities or dedicated to public use and accepted by said Governmental Authorities, and all necessary steps have been taken by BORROWER and said Governmental Authorities to assure the complete construction and installation thereof no later than the Construction Completion Date or any prior date required by any law, or regulation;

(s) No information, exhibit, document or report furnished by BORROWER to Lender in connection with the preparation and negotiation of the Loan Documents contains any mistake of fact, or omits to state a fact necessary to make the statements contained therein not misleading, and there are no facts which it has not disclosed to Lender in writing which adversely affect or, so far as it can now foresee, will adversely affect its operations, affairs, properties, prospects or condition, financial or otherwise;

(t) (i) The operations and properties of the BORROWER and Corporate Guarantor, comply in all respects with all applicable Environmental Laws; (ii) all necessary Environmental Permits have been obtained and are in effect for the operations and properties of the BORROWER and/or the Corporate Guarantor, and the BORROWER and/or Corporate Guarantor, are in compliance in all respects with all such Environmental Permits; (iii) none of the operations or properties of the BORROWER or the Corporate Guarantor, are subject to any Environmental Action alleging the violation of any Environmental Law; (iv) no circumstances known to the BORROWER or the Corporate Guarantor exist that could form the basis of an Environmental Action against the BORROWER and/or the Corporate Guarantor, or any of their properties or cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law; (v) none of the operations of the BORROWER or the Corporate Guarantor, are the subject of a Federal, state, Commonwealth or local investigation evaluating whether any remedial action is needed to respond to a release of any Hazardous Material, or any other substance into the environment; and (vi) neither the BORROWER nor the Corporate Guarantor have any contingent liability in connection with any release of any Hazardous Material or any other substance into the environment which contingent liability, if liquidated, would not be adequately covered (in the reasonable determination of the Lender) by insurance or other indemnification rights. The BORROWER nor the Corporate Guarantor has filed any notice under any Environmental Law indicating past or present treatment, storage or disposal of a Hazardous Material or reporting a spill or release of a Hazardous Material or any other hazardous substance into the environment;

(u) All materials contracted or purchased for delivery to the Premises or for use in construction of the Improvements and all labor contracted or hired for or in connection with construction of the Improvements shall be used and employed solely on the Premises and the Improvements and only in accordance with the Plans and any applicable law or regulation;

(v) The Loan, when combined with the undisbursed proceeds of the Loan, the Equity Investment, and with any other committed financial sources will be sufficient to fully pay for the development and construction of the Hotel Resort Project, including, without limitation, financing and carrying costs of the Premises and the Improvements as determined in accordance with GAAP;

(w) BORROWER has dealt with no broker, finder or agent in connection with the Loan and the transactions contemplated by this Agreement or the other Loan Documents;

(x) There are no condemnation proceedings pending or announced, or to BORROWER's knowledge, threatened against or affecting the Premises or any part thereof;

(y) The BORROWER and the Guarantor are Solvent. The Borrower is, and after giving effect to the transactions contemplated by this Agreement and the other Loan Documents will be, Solvent. Borrower has not (a) entered into the transaction contemplated by this Agreement or executed this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) failed to receive reasonably equivalent value in exchange for its obligations under such Loan Documents. The Borrower does not intend to, and Borrower does not believe it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond Borrower's ability to pay such debts and liabilities as they mature (taking into account the timing and amounts of cash to be received by Borrower and the amounts to be payable on or in respect of the obligations of Borrower). No petition in bankruptcy court has been filed against the Borrower or any Guarantor, and neither Borrower nor any Guarantor has ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. The Borrower nor any Guarantor is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of the Borrower's assets or properties, and no Borrower has any knowledge of any Person contemplating the filing of any petition against Borrower or any Guarantor. The Borrower, after giving effect to the transactions contemplated by this Agreement and the use of proceeds therefrom, will not be engaged in any business or transaction, or about to engage in any business or transaction, for which such Person has an unreasonable small capital (within the meaning of Section 548 of the Bankruptcy Code), and the Borrower has no intent to (i) hinder, delay or defraud any entity to which it is, or will become, on or after the date hereof, indebted, or (ii) to incur debts that would be beyond its ability to pay as they mature.

(z) Neither the business nor the properties of BORROWER are affected by any strikes or other labor disputes;

(aa) The BORROWER is not an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of the Loan, nor the application of the proceeds or repayment thereof by the BORROWER, nor the consummation of the other transactions contemplated hereby, will violate any provision of the Investment Company Act of 1940 (15 U.S.C. §§ 80a-1-80a-64), as amended, or any rule, regulation or order of the Securities and Exchange Commission thereunder;

(bb) The BORROWER is in compliance, to the extent applicable, with the Employee Retirement Income Security Act of 1974, *supra*, as amended;

(cc) The proceeds of the Term Loan shall be used and applied only for the purposes set forth in Section 2.13 hereof;

(dd) The sole member of the BORROWER is TT Investment, LLC, who owns a 100% ownership interest in the BORROWER, and the sole members of TT Investment, LLC are the Personal Guarantors

(ee) The above ownership interest is subject to no Liens, encumbrances, or rights of third parties, except for the Permitted Liens, if any. The BORROWER has not (i) issued any warrants, options or other rights relating to its ownership interest, or (ii) agreed to issue any warrants, options or other rights relating thereto;

(ff) As of the date hereof, the BORROWER has no direct or indirect Subsidiaries, and the BORROWER is not engaged in any joint venture or partnership with any Person;

(gg) No Reportable Event has occurred with respect to any ERISA Plan of the BORROWER and the BORROWER does not have any current or past service liability under any ERISA Plan. No Termination Event has occurred or is reasonably expected to occur with respect to any ERISA Plan of the BORROWER. The BORROWER has not incurred any actual withdrawal liability under ERISA with respect to any ERISA Plan. The BORROWER has or has at any time had an employee benefit plan or other plan maintained for the employees of the BORROWER and covered by Title IV of ERISA (the "ERISA Plan");

(hh) None of the Persons with a direct and/or indirect interest in the BORROWER and/or the Guarantor are Prohibited Persons or are in the OFAC List and the BORROWER is in full compliance with all applicable orders, rules, regulations and recommendations of The Office of Foreign Assets Control of the U.S. Department of the Treasury;

(ii) The BORROWER is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of the Loan will be used by the BORROWER to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock; and

(jj) The BORROWER and the Guarantor certify, to the best of their knowledge, that:

(i) 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 a Lender, 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.

(ii) 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 Lender, 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.

(iii) The BORROWER shall require that the language of this certification be included in the documents for all contractors, subcontractors, agents, and representatives 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 BORROWER 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. BORROWER further acknowledges that said penalties may increase as a result of future amendments to laws and/or regulations related to the subject matter. The BORROWER certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the BORROWER understands and agrees that the provisions of 31 U.S.C. §3801 *et seq.*, apply to this certification and disclosure, if any.

**ARTICLE VII
COVENANTS OF THE BORROWER**

Section 7.1 Affirmative Covenants. So long as the Loan shall remain unpaid, and until satisfaction of all other Obligations of the BORROWER hereunder, the BORROWER will:

(a) Promptly comply with all applicable Federal, Commonwealth or municipal laws, ordinances, orders, codes, rules, statutes, policies, procedures and regulations of all applicable Governmental Authorities including, but not limited to, the HUD General Provisions, the Program Guidelines and the legal and regulatory requirements established in the Award Letter, and promptly furnish Lender but in any event within **ten (10) Business Days** after receipt thereof, with reports of any official investigations made by Governmental Authorities and any claims of violations thereof received by BORROWER;

(b) Permit Lender and/or HUD, its agents, representatives and the Construction Consultant, during normal business hours, upon reasonable notice to the BORROWER, to enter upon the Premises, to examine and make copies of and abstracts from the Books and Records, to inspect the Improvements and all materials to be used in the construction thereof, to examine all detailed Plans and shop drawings which are or may be kept at the construction site and to discuss the affairs, finances and accounts of the BORROWER with any of its officers, directors, employees, representatives or agents, for the purpose of inspection, audits, examinations, and making excerpts, copies and transcriptions. The BORROWER agrees to cooperate and cause the General Contractor to cooperate with the Construction Consultant to enable him to perform his functions hereunder;

(c) Pay all Hard Construction Costs and Soft Costs and expenses required for completion of the Improvements and the satisfaction of the conditions of this Agreement, including without limitation:

(i) all document and stamps, recording and filing expenses and fees;

(ii) any reasonable expense in connection with the consummation of the transactions contemplated hereby in and for any services of such parties which may be required in addition to those contemplated in this Agreement;

(iii) all Taxes, insurance premiums, Liens, security interests or other claims or charges against the Premises or Improvements; and

(iv) all costs of completion of the work to be performed by BORROWER in the space to be occupied by the Improvements (including public space outside the boundaries of the Premises) to permit the lawful occupancy thereof for the purposes contemplated by this Agreement.

(d) Commence construction of the Improvements promptly, but in no event, later than Thirty (30) days from the date hereof; cause the construction once begun to be prosecuted with diligence and continuity in a good and workmanlike

manner in accordance with the Plans, except during the existence of delays (for **not more than 30 days**) caused by events beyond BORROWER's control; use only materials, fixtures, furnishings and equipment in connection with construction of the Improvements that are not used or obsolete; and complete construction of the Improvements in accordance with the Plans, on or before the Construction Completion Date, as the same may be extended under the Construction Contract, and as consented to by the Lender;

(e) Promptly following the execution of this Agreement, at Lender's request, place a sign, on the Premises at a location reasonably satisfactory to Lender indicating, among other things, that Lender is providing the "Construction Financing", and otherwise conforming to Lender's sign specifications, and conforming with all applicable laws and regulations;

(f) Obtain, preserve and maintain its going concern status, and all rights (charter and statutory) and all Governmental Approvals of all Governmental Authorities necessary to enable the BORROWER to operate and maintain their properties, businesses and operations as currently conducted and at all times do or cause to be done all things necessary to obtain, preserve, renew and keep in full force and effect all copyrights, trademarks, service marks and trade names;

(g) Indemnify, defend and hold the Lender harmless from all losses, liabilities, costs, expenses (including reasonable attorneys' fees) the Lender may suffer as a result of any claims or suits brought by any broker, finder, agent or similar entity claiming through or as a result of dealings with BORROWER relative to the acquisition of the Premises or in connection with the execution hereof or the consummation of the transactions contemplated hereby and BORROWER's obligations herein shall survive the expiration or termination of this Agreement and the payment of the Loan;

(h) If requested by Lender, deliver to Lender or the Construction Consultant copies of all contracts, bills of sale, statements, receipted vouchers or agreements under which BORROWER claims title to any materials, fixtures or articles incorporated in the Improvements or subject to the Lien of the Mortgage or under which it has incurred costs for which it is entitled to a Loan Advance, and deliver to Lender such other data or documents in connection with the Improvements as Lender may from time to time request;

(i) Upon demand of Lender or the Construction Consultant, correct any defects (including structural) in the Improvements or any departures from the Plans not approved by Lender;

(j) Not permit the performance of any work pursuant to Change Orders or amendments to the Plans until the Lender and the Construction Consultant shall have given specific written approval thereof; it being understood that approval of any amended Plan or Change Order will not obligate the Lender to increase or advance any Loan Budget Amount on account of any such amended Plan or Change Order;

(k) Require covenants from the General Contractor to the same effect as the covenant made by BORROWER in the immediately preceding paragraph; use its best efforts to provide in the Construction Contract: (i) that the General Contractor will deliver to the Lender copies of all major subcontracts, Change Orders, and any other major contract, purchase order, or subcontract covering labor, materials, equipment or furnishings to or for the Improvements, and the names of all Persons with whom the General Contractor contracts for the construction of the Improvements or the furnishings of labor or materials therefor and (ii) that BORROWER will withhold ten percent (10%) from each certification advance and that said retainage will be paid by BORROWER subject to the terms of this Agreement, the Bonds, and the Construction Contract. All such subcontractors to be utilized by the General Contractor in the development and construction of the Improvements shall be reasonably acceptable to the Lender;

(l) Employ suitable means to protect the Premises, the Improvements and all tools and building materials stored in the Premises from theft or vandalism;

(m) Comply with all restrictions, covenants and easements affecting the Premises or the Improvements and cause the satisfaction of all terms and conditions of this Agreement;

(n) Maintain the Premises and the Improvements free and clear of any and all Liens, except the Mortgage, the Permitted Liens, and such others as shall have been previously approved in writing by the Lender;

(o) File all Federal, state, Commonwealth and local Tax returns and other reports required by law to be filed; maintain adequate reserves (in the reasonable opinion of the Lender) for the payment of all Taxes imposed upon the BORROWER, its income or its profits; pay and discharge all such Taxes imposed upon the BORROWER or against its properties prior to the date on which penalties accrue, except to the extent that the same may be contested by the BORROWER in good faith by appropriate proceedings and adequate reserves have been made therefore, unless and until a Lien resulting therefrom attaches to their property and becomes enforceable against its other creditors; and prior to their becoming overdue, promptly notify the Lender in writing as to any such Taxes which it intends to contest;

(p) Until the Conversion Date, submit monthly reports to the Lender indicating the state of completion of the Improvements, the costs of said Improvements compared to estimates, and such other information as the Lender may reasonably request, which reports shall be in form and substance reasonably acceptable to the Lender;

(q) Keep and maintain proper Books of Record in which full and correct entries shall be made of all financial transactions and the assets and businesses of the BORROWER in accordance with GAAP, all CDBG-DR and IPG program reporting requirements, including but not limited to 24 C.F.R. § 570.506 and 24 C.F.R. § 570.507 (for maintenance of supporting documents). These documents shall be open for the Lender

examination for up to **five (5) years** from the closeout of the grant to the Commonwealth, or the period required by other local applicable laws and regulations;

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

(ii) as soon as available and in any event within **thirty (30) days** after the end of each fiscal quarter of the BORROWER and the Corporate Guarantor, its unaudited balance sheet and income statement prepared according to GAAP, as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by the BORROWER as presenting fairly in all respects the financial condition and results of operations of the BORROWER;

(iii) promptly, but in any event within **thirty (30) days** after the end of each calendar year, the sworn Financial Statements for each of the Personal Guarantors;

(iv) promptly, but in any event within **ten (10) Business Days** after the BORROWER knows or has reason to know of the existence of a Default, a statement of the chief operating officer or the chief financial officer of the BORROWER setting forth details of such Default and the action which the BORROWER has taken or will take with respect thereto;

(v) promptly, but in any event within **ten (10) Business Days** after receipt thereof by the BORROWER from PBGC, copies of each notice received by the BORROWER of the PBGC's intention to terminate any ERISA Plan or to have a trustee appointed to administer any such ERISA Plan;

(vi) promptly, but in any event within **ten (10) Business Days** after receipt by the BORROWER and/or the Corporate Guarantor of service of process or other notice of commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or Governmental Authority, which requests a monetary judgment not covered by insurance against, or other type of monetary relief not covered by insurance from, the BORROWER, and promptly after the occurrence thereof notice of

any Material Adverse Effect in the status or the financial condition of the BORROWER due to such actions, suits, investigations, litigation and proceedings;

(vii) promptly, but in any event within **ten (10) Business Days** after receipt thereof by the BORROWER and/or the Corporate Guarantor of copies of any notice of Tax deficiency received from any Governmental Authority, and promptly, but in any event within **thirty (30) days** after the end of each Fiscal Year of the BORROWER, evidence satisfactory to the Lender of payment of all Taxes paid by the BORROWER and all Tax reports filed by the BORROWER and/or evidence of any administrative and/or judicial review legitimately contesting any such Tax deficiency;

(viii) promptly, but in any event within **ten (10) Business Days** after the BORROWER knows or has reason to know of the existence thereof, notice of any condition or occurrence on any property of the BORROWER or the Premises that results in noncompliance with, or liability under, any Environmental Law or Environmental Permit with respect to the BORROWER;

(ix) promptly, but in any event within **ten (10) Business Days** after the occurrence thereof, notice of the default by the BORROWER under the Senior Loan, any note, indenture, loan agreement, mortgage, lease, deed or other similar agreement;

(x) promptly, but in any event within **ten (10) Business Days** after the receipt thereof, any notice received by the BORROWER from any Governmental Authority;

(xi) promptly, upon receipt thereof, copies of all management letters (which Lender will retain in strict confidentiality) which are submitted to the BORROWER by its independent public accountants in connection with any annual or interim audit of the Books and Records of the BORROWER made by such accountants;

(xii) promptly, but in any event within **thirty (30) days** after the end of each Fiscal Year of the BORROWER, evidence satisfactory to the Lender that all Insurance Policies required by this Agreement and/or the other Loan Documents are in full force and effect with the premiums fully prepaid and, where applicable, duly endorsed to the Lender;

(xiii) promptly, such other information respecting the business condition (financial or otherwise), operations, performance, properties or prospects of the BORROWER as the Lender may, from time to time, reasonably request;

(xiv) promptly, but in any event within **ten (10) Business Days** after the BORROWER knows or has reason to know of the existence thereof, notice of any occurrence in the construction work being performed in the Improvements which may result in an increase in the budgeted cost therefor;

(xv) promptly, but in any event within **ten (10) Business Days** after the BORROWER knows or has reason to know of the existence thereof, notice of any

condition or occurrence that results in noncompliance with, or liability under, the HUD General Provisions, the Program Guidelines and/or the Award Letter; and

(xvi) promptly, but in any event within **ten (10) Business Days** after the BORROWER knows or has reason to know of the existence thereof, notice of any fire, damage or other casualty to or connected with the Premises or the Improvements;

(s) At BORROWER's expense, on request of the Lender, from time to time execute, deliver, obtain, and furnish such documents as may be reasonably necessary to perfect and maintain the Mortgage, any assignments and/or pledges and security interests hereunder and the other Loan Documents, and to fully consummate the transactions contemplated under this Agreement and the Loan Documents. The BORROWER must maintain the principal of the Mortgage and the additional credits thereunder in amounts which in the sole discretion of the Lender will fully secure all Debt and Obligations under this Agreement and the other Loan Documents;

(t) Take all steps necessary to develop the Premises and the Improvements in compliance with all applicable laws, statutes, rules, regulations and requirements of any Governmental Authority, having jurisdiction over such development;


(u) Utilize the Loan Advances only for the construction of the Improvements in accordance with this Agreement, and for costs, fees and expenses related therewith and with the Loan;

(v) Punctually pay the principal of and interest on the Loan and all of the sums falling due hereunder or under the Note or the other Loan Documents in accordance with the terms hereof and thereof;

(w) Maintain and preserve all of its properties which are necessary or reasonably useful for the proper conduct of its businesses in good working order and condition, ordinary wear and tear excepted, and in compliance with all applicable standards and rules imposed by all Governmental Authorities with jurisdiction; and at all times do or cause to be done all things necessary to obtain, preserve, renew and keep in full force and effect all copyrights, trademarks, service marks and trade names that are owned or licensed to the BORROWER;

(x) Maintain its legal existence and good standing, and as set forth herein not amend or otherwise revise the organizational documents of the BORROWER, without the prior written consent of the Lender, which consent will not be unreasonable withheld or denied;

(y) Conduct its business so as to comply in all respects with all applicable Environmental Laws and Environmental Permits; provided, however, that nothing contained in this subsection shall prohibit the BORROWER from contesting, in good faith by appropriate legal proceedings, any such Environmental Law or Environmental Permit or the interpretation or application thereof, provided, further, that the BORROWER shall comply with the order of any court or other governmental body of




applicable jurisdiction relating to such Environmental Laws and Environmental Permits unless the BORROWER shall then be prosecuting an appeal or proceedings for review and shall have secured a stay of enforcement or execution or other arrangement postponing enforcement or execution pending such appeal or proceedings for review. If the BORROWER shall receive notice that any violation of any Environmental Law or Environmental Permit may have been committed or is about to be committed by the BORROWER receives notice that any Environmental Action has been filed or is about to be filed against the BORROWER alleging violations of any Environmental Law or Environmental Permit or requiring the BORROWER to take any action in connection with the release of Hazardous Materials into the environment, receive any notice from a federal, state, Commonwealth or local governmental agency or private party alleging that the BORROWER may be liable or responsible for costs associated with a response to or cleanup of a release of a Hazardous Material into the environment or any damages caused thereby, receive any notice that the BORROWER is subject to federal, state, Commonwealth or local investigation evaluating whether any remedial action is needed to respond to the release of any Hazardous Material or any other substance into the environment, or receive any notice that any properties or assets of the BORROWER is subject to a Lien in favor of any governmental entity for any liability under Environmental Laws or damages arising from or costs incurred by such governmental entity in response to a release of a Hazardous Material or any other substance into the environment, then the BORROWER shall promptly but in any event within **ten (10) Business Days** after the BORROWER's receipt thereof, provide the Lender with a copy of such notice;

(z) Comply with the terms, covenants and conditions of the Loan Documents;

(aa) Comply with the terms, covenants and conditions of the Senior Loan documents;

(bb) Continue to be Solvent;



(cc) At the Lender's reasonable request, execute and deliver to Lender in form and substance satisfactory to the Lender, a Security Agreement creating such Liens as may be necessary or convenient to cover BORROWER's building materials or furnishings, machinery, equipment or other personal property stored on the Premises but not yet affixed to or incorporated into the Improvements;

(dd) (i) Maintain the Insurance Policies in compliance with the requirements set forth in Exhibit D with full extended coverage and supplementary perils insuring all of their properties (real and personal) for not less than 100% of their replacement value, as determined by the Lender and maintain such other insurance against liability to Persons for such risks and hazards and in such amounts as are usually carried by companies engaged in similar businesses; (ii) upon the request of the Lender, use all reasonable commercial efforts to increase, vary or otherwise modify the amounts and risks covered by such policies of insurance and/or change the insurers issuing such policies in order to comply with the standards set forth above (as reasonably determined

by the Lender); and (iii) from time to time at the request of the Lender, the BORROWER shall deliver to the Lender a detailed schedule indicating all insurance policies then in force. All such insurance shall contain a provision to the effect that the same may not be amended, varied or cancelled without at least **thirty (30) days** prior written notice to the Lender and any other party named therein as an additional insured and shall provide that the issuers thereof shall give written notice to the Lender and any other party named therein as an additional insured if such insurance has not been renewed **thirty (30) days** prior to its expiration. All such insurance provided for or contemplated herein shall name the BORROWER as the insured and the Lender as additional insured, as their respective interests may appear and shall contain, as to the Realty, the standard mortgagee clause endorsement. The policy amounts and coverages will be increased and/or amended from time to time at the request of the Lender. The BORROWER shall from time to time upon request from the Lender promptly furnish to the Lender evidence, in form and substance satisfactory to the Lender, of the maintenance of all insurance required by this subsection to be maintained, including, but not limited to such originals or copies as the Lender may request of policies, certificates of insurance, and endorsements relating to such insurance and proof of premium payments. If any portion of the Realty is at any time located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law (the "Flood Insurance Acts"), the BORROWER shall obtain flood hazard insurance in an amount equal to the lesser of (A) the mortgage amount of the Realty Mortgage encumbering such Realty, and (B) the maximum limit of coverage available for such Realty thereon under the Flood Insurance Acts;

(ee) At any time and from time to time, at the request of the Lender, the BORROWER shall, at its sole cost and expense, prepare and deliver to the Lender revisions and up-dates of the Appraisal, in form and substance reasonable acceptable to the Lender, evidencing the fair market value of the Premises and the Improvements, in compliance with all requirements of FIRREA;

(ff) Conduct all transactions with any of its Affiliates on terms that are fair and reasonable and no less favorable to the BORROWER than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate;

(gg) From and after the Conversion Date, BORROWER shall maintain at all times with Cooperativa de Ahorro y Crédito Las Piedras a reserve for the payment of principal and interest in a minimum amount of SIX HUNDRED THOUSAND Dollars (\$600,000.00), which reserve shall be held in an account (the "P&I Reserve Account") duly assigned and pledged to the Lender as security for BORROWER's obligations under the Loan, this balance must be held at Six Hundred Thousand Dollars (\$600,000.00) at all times. Borrower shall not have any right to withdraw funds from this account, except with the prior consent of the Lender. Upon the occurrence of an Event of Default, Lender may, in addition to any other rights and remedies available to Lender, apply any sums in this account to the payment of the Obligations under the Loan. The Borrower shall replenish any amount withdrawn within ninety (90) after any such withdrawal;

(hh) From and after the Conversion Date, BORROWER shall establish and maintain a repair and replacement reserve (the "Replacement Reserve Account") with Cooperativa de Ahorro y Crédito Las Piedras for payment of costs and expenses incurred by BORROWER in connection with the repair, replacement and maintenance of the Improvements and the furniture, fixtures and equipment at the Premises. The Replacement Reserve Account shall be funded with a minimum monthly contribution of at least THIRTY FIVE THOUSAND DOLLARS (\$35,000.00) made by BORROWER, and shall be duly assigned and pledged to the Lender as security for BORROWER's obligations under the Loan. Funds deposited in this account shall be used by the Borrower only for making capital improvements and certain repairs and replacements to the Project, subject to the prior written consent of lender;

(ii) After the Conversion Date, BORROWER shall provide, as frequently as Lender may request, but never less than once each year, a complete detailed rent roll, and all other information pertinent to the rental of the Premises;

(jj) Register in the System for Award Management ("SAM") and maintain its registration active until the satisfaction of all the Obligations of the BORROWER under this Agreement and the other Loan Documents; and

(kk) BORROWER covenants that the representations and warranties made by it in Section 6.1 hereof will be continuously true and correct in all respects.

Section 7.2 Negative Covenants. So long as the Term Loan shall remain unpaid, or the Lender shall have any Commitment hereunder and until satisfaction of all other Obligations of the BORROWER hereunder, the BORROWER and/or the Corporate Guarantor will not, without the prior written consent of the Lender which consent or denial will be notified within thirty (30) calendar days, after written request made by Borrower:

(a) Permit the sale, dilution, encumbrance or transfer of the ownership interests of the BORROWER's sole member and/or the members of the Corporate Guarantor, directly or indirectly;

(b) Sell, lease, transfer or otherwise dispose of any asset (including, without limitation, receivables, machinery, equipment, leases, leaseholds, the Premises, trademarks, trade names, goodwill and other tangible and intangible assets), except in the ordinary course of business and so long as the proceeds derived therefrom (net of the reasonable costs of sale) are invested, within **thirty (30) days** after the date of sale, in replacement assets used in the BORROWER's business operations;

(c) Negatively alter its capital structure;

(d) Assume, guaranty, endorse or otherwise be or become liable upon the obligations of any Person, firm, entity or corporation;

(e) Make changes in the Plans, except with the written approval of Lender, or except those required by any Governmental Authority, and those clarifications and changes necessary to correct errors and omissions, resolve conflicts between trades, clarify or detail construction methods, work or materials, provided said changes do not affect or change the general nature of the Improvements, and further provided that any such changes shall forthwith be notified and submitted to the Lender in writing within **ten (10) days** of the date the change was made;

(f) Remove, demolish or substantially alter the Premises or the Improvements; remove without appropriate replacements, any features, equipment or articles of personal property from the Premises or the Improvements; or commit any waste on or make any changes to the Premises or the Improvements which would in any way increase the risk of fire or other hazards arising out of its operation;

(g) Make any change in the nature of the business carried on by the BORROWER as of the date hereof, or make any change in the BORROWER's business objectives, purposes or operations;

(h) Create, form, wind up, liquidate, dissolve itself, merge, or consolidate with any Person;

(i) Create, incur, assume or suffer to exist any Lien or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its properties (real or personal, tangible or intangible), including the Premises, whether now owned or hereafter acquired, or assign any right to receive income, excluding, however, from the operation of the foregoing restrictions the following Liens: (i) Liens created by the Loan Documents, (ii) Liens created by the Senior Loan and (iii) Permitted Liens;

(j) Create or make any investment in, any direct or indirect Subsidiary or Affiliate, except with the prior written consent of the Lender; enter into, a partnership, joint venture or similar arrangement; or make, any change in their capital structure;

(k) Enter into or be a party to any transaction with any of its Affiliates, except in the ordinary course of business and upon fair and reasonable terms which are no less favorable to the BORROWER than the BORROWER would obtain in a comparable arm's length transaction with a Person which is not the BORROWER's Affiliate;

(l) Make or permit any change in accounting policies or reporting practices including, without limitation, any change in its Fiscal Year or fiscal periods, except as required by or advisable under GAAP and only after written consent thereof from the Lender;

(m) Permit any Change of Control;

(n) Issue any options, warrants, conversion privileges or any other rights with respect thereto if any of the foregoing will result in a Change of Control;

(o) Declare or pay any dividends or any type of distribution, or purchase, redeem, retire, defease or otherwise acquire for value any warrants, rights or options now or hereafter outstanding, or return any capital to its members as such, or make any distribution of assets, capital stock, warrants, rights, options, obligations or securities to its owners as such to purchase, redeem, retire, defease or otherwise acquire for value any of its warrants, rights or options;

(p) Permit the aggregate compensation (including salaries, bonuses, commissions, and other forms of remuneration) paid to officers and directors of the BORROWER to exceed an amount which is reasonable and proper in relation to the work performed and which is comparable to that paid by other companies engaged in similar lines of business. Pay any salary, fees, or other compensation to any Person (i) not active in the daily operation of the BORROWER or (ii) for management or advisory consulting or any other services in an amount that is unreasonable, and which is not comparable to other companies engaged in similar business;

(q) Make or have outstanding at any time any guarantee, loan or advance to, or otherwise extend credit to any Person, including without limitation any officer, director or stockholder of the BORROWER or any Affiliate of the BORROWER;

(r) Create or enter into any ERISA Plan, except in compliance with ERISA and all other applicable laws and regulations; and pay and discharge all obligations and liabilities under ERISA of a character which if unpaid or unperformed may result in the imposition of a Lien against any of their properties or assets;

(s) Default or not comply with any terms, conditions and covenants established in the Senior Loan documents;

(t) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt, other than the prepayment of the Senior Loan;

(u) Create, incur, guarantee, endorse, assume or suffer to exist any Debt, direct, contingent or otherwise, except (i) Debt hereunder and under the Note; (ii) trade payables and accruals incurred in the ordinary course of business; and (iii) unsecured current liabilities other than for money borrowed incurred in the ordinary course of business;



(v) Use Loan proceeds to perform any of the following activities:

(i) Operate facilities that are not open to the general public and serve a predominantly higher income clientele;

(ii) Operate professional sports teams, yacht clubs, non-public recreation facilities, private or commercial golf courses or country clubs, and casinos or other gambling establishments;

- (iii) Activities related to the operation of private utilities;
- (iv) Lobbying or political activities;
- (v) Operate religious activities, except where expenses are clearly distinguishable between the organization's religious and secular activities.

Section 7.3 Financial Covenants. So long as the Loan shall remain unpaid and until satisfaction of all other Obligations of the BORROWER hereunder, commencing three (3) months after the Conversion Date, the BORROWER will maintain (i) as of the end of each Fiscal Year of the BORROWER, a Debt Service Coverage Ratio of not less than 1.10 to 1.00 and (ii) at all times, and from time to time, a Loan to Value Ratio not to exceed one hundred-percent (100%) (the "Required Financial Covenants").



Section 7.4 Special Provisions as to Collateral. (a) It is the intention of the Lender and the BORROWER, and the Lender and the BORROWER hereby agree that, until all Obligations hereunder and under the Notes and other Loan Documents have been fully satisfied, and the Lender's Lien in the Collateral, and all products and proceeds thereof, shall continue in full force and effect. The BORROWER shall take any and all steps requested by the Lender to perfect, maintain and protect the Lender's Lien in the Collateral, including, without limitation, executing and filing security instruments, or amendments thereof, financing statements and continuation statements, and amendments thereto, all in form and substance satisfactory to the Lender. The BORROWER shall pay the costs of, or incidental to, any recording or filing of any security instrument or financing statement concerning the Collateral and the reasonable costs of, or incidental to, any and all other steps or procedures which the Lender may request in order to perfect, maintain and protect the Lender's Lien in the Collateral. If the BORROWER fails to pay any Taxes, assessments or governmental charges levied or assessed or imposed upon or with respect to the Collateral or any part thereof promptly when due (except to the extent that the same are being contested by the BORROWER in good faith by appropriate proceedings and adequate reserves have been made therefore), the Lender may (but shall not be required to) pay the same and charge the cost thereof to the BORROWER as part of the Obligations payable hereunder on demand and secured by the Collateral. The Lender agrees promptly to notify the BORROWER prior to making any such payment, provided that the failure to give such notice shall not affect their right to make such payment and charge the amount thereof to the BORROWER. In order to protect or perfect any Lien which the Lender is granted under any Loan Document, the Lender may, in its sole discretion, maintain guards, discharge any Lien or encumbrance or bond the same, pay any insurance, service bureau or warehouseman, or obtain any record and charge the same to the BORROWER as part of the Obligations payable hereunder on demand and secured by the Collateral.

(b) The Lender, in its sole discretion, may exchange, waive or release any security or portion of the Collateral (subject to the provisions of Section 7.4(a)), enforce any security or portion of the Collateral following the occurrence of an Event of Default, apply such security or any proceeds of the Collateral following

the occurrence of an Event of Default, and direct the order or manner of sale thereof as the Lender, from time to time, may determine, and settle, compromise, collect or otherwise liquidate any such Collateral for the Obligations in any manner following the occurrence of an Event of Default, without affecting or impairing the right of the Lender to take any other further action with respect to any security or Collateral for the Obligations or any part thereof.

**ARTICLE VIII
AMOUNTS RETAINED BY BORROWER FROM THE GENERAL CONTRACTOR**

Section 8.1 Amounts Retained. The amounts retained or held back by BORROWER from the General Contractor in accordance with the terms of the Construction Contract, amounts so retained by BORROWER from the General Contractor shall be subordinate to the Loan and/or to any other amounts owed hereunder and under the Loan Documents shall only be paid by BORROWER to the General Contractor upon compliance with this Agreement, the Construction Contract, and the Bonds. To that effect, the amount retained by BORROWER to the General Contractor under the Construction Contract for the Improvements as set forth in the Project Cost Statement, will be released to the General Contractor upon the completion of the project and receiving the Use Permit (*Permiso de Uso*) for the Improvements and the release from the bonding company that issued the Bonds.

**ARTICLE IX
CERTIFICATION OF COMPLIANCE WITH LEGAL REQUIREMENTS**

Section 9.1 Compliance with Puerto Rico Legal Requirements. Given that the Agreement involves funds from a public agency of the Government of Puerto Rico for which HUD is the oversight Lender, the BORROWER agrees to carry out its obligations under this Agreement in compliance with all the requirements described in this Agreement, including, without limitation the requirements described in Exhibit M.

Section 9.2 Compliance with HUD, CDBG and Federal Legal Requirements. Given that the Agreement involves funds from a public agency of the Government of Puerto Rico for which HUD is the oversight agency, the BORROWER further agrees to carry out its obligations under this Agreement in compliance with all the requirements in the Program Guidelines, the HUD General Provisions and the Award Letter.

Section 9.3 Approval of the Financial Oversight and Management Board. Pursuant to Section 204(b)(2) of the Puerto Rico Oversight, Management, and Economic Stability Act, *supra*, as amended, the Financial Oversight and Management Board has approved this Agreement before its execution and consummation.

**ARTICLE X
EVENTS OF DEFAULT**

Section 10.1 Events of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" as said term is used herein:

(a) The BORROWER shall fail to pay when due (i) any amount of principal and/or interest or (ii) the BORROWER shall fail to pay any other amounts or fees **three (3) Business Days** after the same become due;

(b) The BORROWER shall fail to perform or observe any term, covenant or agreement contained in Section 7.1, Section 7.2, Section 7.3 or Section 7.4 or the BORROWER shall fail to pay, perform or observe any other loan, loan agreement, credit agreement, contract, agreement, note or instrument with the Lender on its part to be paid, performed or observed;

(c) The BORROWER shall fail to perform or observe any other term, covenant or agreement contained in this Agreement and/or any Loan Document on its part to be performed or observed (other than Section 7.1, Section 7.2, Section 7.3 or Section 7.4 hereof), and in any such case any such failure shall remain unremedied for a period of **thirty (30) calendar days** from the date of notice of the occurrence of such failure;

(d) Any representation or warranty made by the BORROWER and/or the Guarantor (or any of its officers) under or in connection with any Loan Document to which it is a party shall, when taken as a whole, prove to have been incorrect in any respect when made;

(e) The reasonable disapproval by the Lender at any time of any construction work and failure by BORROWER to cause the same to be corrected to the reasonable satisfaction of Lender, within **thirty (30) calendar days** from the date of notice from Lender;

(f) An unreasonable delay in the construction of the Improvements or a discontinuance for a period of **thirty (30) days**, or, in any event, a delay in construction of the Improvements so that the same will not be, in Lender's reasonable judgment, completed on or before the Construction Completion Date except for *force majeure*, but in no event a delay of more than **ninety (90) days**;

(g) The bankruptcy or insolvency of the General Contractor and the failure of BORROWER to enter into a contract with a new contractor reasonably satisfactory to the Lender within **thirty (30) days** from the occurrence of such bankruptcy or insolvency;

(h) The occurrence of any default under the Mortgage Note, the Mortgage, or under any of the other Loan Documents (after the giving of any required notice) which has remained uncured for a period of **thirty (30) days** after written notice from the Lender to the BORROWER, provided that if the nature of such obligation is such that it cannot be reasonably cured within such **thirty (30) period**, no Event of Default will be deemed to have occurred provided that the BORROWER, within such **thirty (30) period** commences actions to cure such failure and diligently prosecutes such cure to completion;

(i) The conveyance, assignment, pledge, transfer, hypothecation or other disposition, or encumbrance of the Premises or Improvements and/or the Mortgaged Property, except as permitted herein, or the assignment or attempted assignment by BORROWER of this Agreement or any of its rights hereunder;

(j) If at any time or times hereafter any representation, statement, report, or certificate heretofore made or hereafter made by the BORROWER and/or Guarantor shall prove to be false or misleading as of the time made;

(k) If all or a substantial part of the assets of the BORROWER or Guarantor are attached, seized, or are levied upon, or come into the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors and such action is not nullified or reversed within **thirty (30) days** thereafter;

(l) Any of the Liens established or purported to be established by any of the Loan Documents delivered to the Lender pursuant to this Agreement shall for any reason, except to the extent permitted by the terms thereof, cease to create a valid and perfected Lien in any of the Collateral purported to be covered thereby securing the payment and performance of the Obligations hereunder, under the Note and under the other Loan Documents unless (i) the Lien defect is not attributable to an intentional act or omission of Borrower, and (i) Borrower diligently commences and continues to exercise commercially reasonable efforts jointly with Lender until correction of the Lien defect is accomplished;

(m) If the BORROWER or Guarantor are enjoined, restrained, or in any way prevented by a final and unappealable court order from conducting all or a substantial part of its business affairs and/or proceeding with the Improvements;

(n) There shall have been asserted against the BORROWER an Environmental Action;

(o) The BORROWER and/or the Guarantor shall generally not pay its Debts as such Debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of all its creditors; or any proceeding shall be instituted by or against the BORROWER and/or the Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of any order for relief or the appointment of a receiver, trustee, or other similar official for them or for any substantial part of their properties and, in the case of any such proceeding instituted against either of them (but not instituted by them) that is being diligently contested by them in good faith, either such proceeding shall remain undismissed or unstayed for a period of **thirty (30) days** or any of the actions sought in such proceeding (including, without limitation, the entry of any order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, them or any substantial part of its properties) shall occur; or the BORROWER and/or

Guarantor shall take any corporate or other action to authorize any of the actions set forth above in this subsection;

(p) BORROWER's failure to maintain the Insurance Policies required under Section 7.1(dd) of this Agreement;

(q) Any final and unappealable judgment or order for the payment of money in excess of One Hundred Thousand Dollars (\$100,000.00) which is not covered by insurance shall be rendered against the BORROWER and/or the Guarantor, and either enforcement proceedings shall have been commenced by any creditor upon such judgment or order or there shall be any period of **thirty (30) calendar days** during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(r) If BORROWER or Guarantor shall (i) default in the payment of principal or interest on any obligation for borrowed money beyond the period of grace, if any, provided with respect thereto, or (ii) default in the performance or observance of any other term, condition or agreement contained in any such obligation or in any agreement relating thereto if the effect of such default is to cause such obligation to become due prior to its stated maturity and in effect such obligation has been caused to become due; or (iii) default in the performance or observance of any of the terms and conditions of other obligations, if the effect of such default is to cause such agreements to expire or be subject to cancellation and in effect such agreements expire or are cancelled;

(s) The occurrence of any default (after the giving of any required notice and the expiration of any applicable cure period), unless waived hereunder, or the alteration, amendment or rescission or the organizational documents, or of any condition that would for any reason whatsoever disable or prevent the BORROWER from complying with the terms, provisions, and conditions of the organizational documents, specifically in connection with the contributions to be made by the owners of the BORROWER, within the time and in the manner therein required;

(t) There shall have occurred a condition or a change of circumstances which, taken as a whole, has or could reasonably be expected to have a Material Adverse Effect on the BORROWER or Guarantor;

(u) A Change of Control occurs;

(v) BORROWER and/or the Guarantor shall fail to comply with any of the terms and conditions as elsewhere provided in this Agreement, including without limitation those related to the Program Guidelines, the HUD General Provisions, the Award Letter and/or contained in the BORROWER's organizational documents, the Loan Documents or any other agreements with the Lender;

(w) The Guarantor, the BORROWER or any of its owners, officers or directors is criminally indicted, convicted or pleaded guilty pursuant to any Federal law

or regulation or is criminally indicted, convicted or pleaded guilty of any of the crimes listed under Section 6.8 of Act Number 8-2017, as amended known as the Government of Puerto Rico Human Resources Administration and Transformation Act or for any of the crimes listed under Act Number 2-2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico;

(x) The Guarantor, the BORROWER or any of its owners, officers or directors incur in any intentional or non-intentional conduct that may directly or indirectly threat or danger to the good name or standing of the Lender;

(y) Any Termination Event with respect to a ERISA Plan shall have occurred, and **thirty (30) calendar days** thereafter, (i) such Termination Event (if correctable) shall not have been corrected, (ii) the then present value of such ERISA Plan's vested benefits exceeds the then current value of assets accumulated in such ERISA Plan and (iii) such Termination Event could reasonably be expected to cause a Lien to arise with respect to any of the assets of the BORROWER; or if the BORROWER as employer under a ERISA Plan shall have made a complete or partial withdrawal from such ERISA Plan and the ERISA Plan sponsor of such ERISA Plan shall have notified such withdrawing employer that such employer has incurred an actual withdrawal liability which adversely affects the financial condition of the BORROWER;

(z) Failure to meet National Objective requirements by the National Objective deadline; and,

(aa) Sale of the property prior to Borrower achieving the National Objective listed under Section 3.2;

Section 10.2 Remedies. Upon the occurrence of any Event of Default, the Lender, in addition to all remedies conferred upon Lender by law and by the terms of the Mortgage Note, the Mortgage or other Loan Documents, may pursue any one or more of the following remedies concurrently or successively, it being the intent hereof that none of such remedies shall be to the exclusion of any other:

(a) Declare the Loan to be due and payable forthwith, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the BORROWER;

(b) Withhold further disbursement of the proceeds of the Loan;

(c) In the manner permitted by law, take possession of the Premises and Improvements and complete the construction and equipping thereof and do anything in its sole judgment to fulfill the obligations of the BORROWER hereunder, including either the right to avail itself and procure performance of existing contracts or let any contracts with the same contractors or others and to employ watchmen to protect the Premises and the Improvements from injury. Without restricting the generality of the foregoing and for the purposes aforesaid, the BORROWER hereby authorizes the Lender with full power of delegation, to complete construction and equipping of the Improvements in the

name of BORROWER, to use unadvanced funds remaining under the Loan, or funds that may be reserved, escrowed, or set aside for any purposes hereunder at any time, or to advance funds in excess of the face amount of the Loan to complete the Improvements; to make changes in the Plans that may be necessary or desirable to complete the Improvements in substantially the manner contemplated by the Plans; to retain or employ new contractors, subcontractors, architects, engineers, and inspectors as shall be required for said purposes; to pay, settle or compromise all existing bills and claims, or to avoid such bills and claims from becoming Liens against the Premises, or security interests against fixtures or equipment, or as may be necessary or desirable for the completion of the construction and equipping of the Improvements or for the clearance of title; to execute all applications and certificates, in the name of BORROWER, that may be required by any of the contract documents; and to do any and every act that BORROWER might do on its own behalf; to prosecute and defend all actions or proceedings in connection with the Improvements or Premises or fixtures or equipment; to take action and require such performance as it deems necessary under any of the Bonds to be furnished hereunder and to make settlements and compromises with the surety or sureties there under and in connection therewith, to execute instruments of release and satisfaction; it being understood and agreed that this authorization shall be coupled with an interest and cannot be revoked;

(d) Obtain the appointment of a receiver, without regard to the adequacy of any security, or the solvency of the BORROWER, or any other similar matters, to carry out the acts authorized in (c) above and such other acts deemed necessary or convenient;

(e) Foreclose the Mortgage and/or all other Collateral; or

(f) Exercise or pursue any other remedy or cause of action permitted under this Agreement or any Loan Documents or conferred upon Lender by applicable law or in equity or by statute including without limitation, the rights and remedies of a secured creditor under the laws of the Commonwealth, including, without limitation the Commercial Transactions Act or the Uniform Commercial Code of any applicable jurisdiction.

Upon the occurrence and during the continuance of any Event of Default, the Lender is hereby authorized at any time and from time to time, without notice to the BORROWER (any such notice being expressly waived by the BORROWER), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by Lender to or for the credit or the account of the BORROWER against any and all of the obligations of the BORROWER now or hereafter existing under this Agreement or any other Loan Document, irrespective of whether or not Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. Lender agrees promptly to notify the BORROWER after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of Lender under this section are in addition to

other rights and remedies (including, without limitation, other rights of setoff) which the Lender may have.

In the event of an actual or deemed entry of an order for relief with respect to the BORROWER under the Bankruptcy Code, the Note, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest, or any notice of any kind, all of which are hereby expressly waived by the BORROWER. In case of any one or more of the Events of Default shall have occurred and be continuing, and whether or not the Lender shall have accelerated the maturity of the Obligations pursuant to the foregoing, the Lender may proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding. No remedy herein conferred upon the Issuer is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder and the Loan Documents or now or hereafter existing at law or in equity or by statute or any other provision of law.

Section 10.3 Waiver of Breach. No waiver of any breach or default hereunder shall constitute or be construed as a waiver by Lender of any subsequent breach or default or of any breach or default of any other provision of this Agreement.

ARTICLE XI GENERAL CONDITIONS

Section 11.1 Amendments. No amendment or waiver of any provision of this Agreement or any other Loan Documents, nor consent to any departure by the BORROWER therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender (and, in the case of any such amendment, by the BORROWER), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11.2 Notices. All notices and other communications provided for hereunder shall be in writing (including by Electronic Means) and mailed or delivered personally or by courier,

if to BORROWER: at Royale Blue Hospitality LLC
PO Box 9932
San Juan, Puerto Rico 00908-9932

Attention: Mr. Néstor A. Amador Chacón,

With a copy to: Marichal Hernandez Santiago & Juarbe, LLC
1510 FD Roosevelt Avenue
Triple S Plaza, Ninth Floor
Guaynabo, Puerto Rico 00968

Attention: Rafael M. Santiago-Rosa, Esq.

if to the Lender: at Puerto Rico Department of Housing
Investment Portfolio for Growth (IPG Program)
PO Box 21365
San Juan, Puerto Rico 00928-1365

Attention: Office of the Secretary


With a copy to: Puerto Rico Department of Housing
Legal Division
PO Box 21365
San Juan, Puerto Rico 00928-1365

AND


Disaster Recovery Deputy Secretary
PO Box 21365
San Juan, Puerto Rico 00928-1365

AND

Economic Recovery Director
PO Box 21365
San Juan, Puerto Rico 00928-1365



or as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when mailed be effective **three (3) days** after being deposited in the mail or on the day when transmitted by Electronic Means, respectively, and when delivered personally or by courier, on the day when delivery is made.





Section 11.3 No Waiver. (a) The rights and remedies of the Lender under the Loan Documents are cumulative and not exclusive of any right or remedy which it would otherwise have. No delay or failure of the Lender in the exercise of any right, power or privilege under the Loan Documents shall constitute a waiver of such right, power or privilege and no partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(b) Any Loan Advance made prior to or without the fulfillment by BORROWER of all the conditions precedent thereto, whether or not known to the Lender, shall not constitute a waiver by the Lender of the requirement that all conditions, including the non-performed conditions, shall be required with respect to all future Loan Advances.

Section 11.4 Expenses and Taxes; Indemnification.

(a) The BORROWER agrees to pay on demand all reasonable costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) after the occurrence of an Event of Default of this Agreement, the Loan Documents and the other documents to be delivered hereunder. In addition, the BORROWER shall pay any and all documentary stamps and other recording fees payable or determined to be payable in connection with the execution and delivery of this Agreement, the Note, the Mortgage, the other Loan Documents and the other documents to be delivered hereunder and agrees to save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such documentary stamps and recording fees.



(b) The BORROWER hereby agrees to indemnify and hold harmless the Lender, its officers, directors, employees, agents, advisors and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, the reasonable fees and expenses of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with (i) the transactions contemplated by this Agreement and the other Loan Documents or any use made or proposed to be made with the proceeds of the Loan or (ii) the actual or alleged presence of Hazardous Materials on any property of the BORROWER, including the Premises, or any Environmental Action relating in any way to the BORROWER in each case whether or not such investigation, litigation or proceeding is brought by the BORROWER, its partners, directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. The BORROWER further agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the BORROWER or its creditors for or in connection with the transactions contemplated by this Agreement and the other Loan Documents, except to the extent that such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct; provided, however, that the provisions of this Section shall not in any way alter any contractual obligation or contractual remedy of any Indemnified Party. The BORROWER also agrees not to assert any claim against the Lender, any of its Affiliates, or any of its respective directors, officers, employees, attorneys, and agents, on any theory of liability, for special, indirect, consequential, or punitive damages arising out of or otherwise relating to any of the transactions contemplated herein or in any other Loan Document or the actual or proposed use of the proceeds of the Loan.

(c) If any payment of principal of the Loan is made by the BORROWER to or for the account of the Lender other than on the scheduled repayment date as a result of a payment pursuant to Sections 3.4, acceleration of the maturity of the Loan

pursuant to Section 10.2 or for any other reason, the BORROWER shall, upon demand by the Lender, pay to the Lender any amounts required to compensate the Lender for any additional losses, costs and expenses that it may reasonably incur as a result of such payment, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by the Lender to fund or maintain the Term Loan and/or in respect to any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or similar arrangement entered into by the Lender for the purpose of reducing exposure to interest rate risk and not for speculative purposes.

(d) If the BORROWER fails to pay when due any costs, expenses, or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of the BORROWER by the Lender in its sole discretion.

Section 11.5 Binding Effect. Except as herein provided, this Agreement shall be binding upon and inure to the benefit of BORROWER and the Lender and their respective successors and assigns. Notwithstanding the foregoing, BORROWER, without the prior written consent of the Lender in each instance, may not assign, transfer, or set over to another, in whole or in part, all or any part of its benefits, rights, duties and obligations hereunder, including, but not limited to, performance of and compliance with the conditions hereof and the right to receive the proceeds of current or future Loan Advances.

Section 11.6 Assignments and Participations. (a) The Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all, or a portion of the Term Loan owing to it, the Note held by it and the remaining Loan Documents).

(b) The Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of the Term Loan owing to it and the Note held by it).

(c) The Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant, any information relating to the BORROWER furnished to the Lender by or on behalf of the BORROWER; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to the BORROWER received by it from the Lender.

Section 11.7 Entire Agreement. This Agreement contains the entire agreement of the Parties and supersedes all prior or contemporaneous written or oral negotiations, correspondence, understandings, and agreements between or among the Parties, regarding the subject matter hereof. The BORROWER hereby accepts, acknowledges, and ratifies all the representations, covenants and agreements set forth in the Application and the Award Letter. To the extent that any provision of this Agreement is

inconsistent with any provision of the Award Letter, this Agreement shall govern to the extent permitted by the Program Guidelines.

Section 11.8 Severability of Provisions. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 11.9 Survival of Covenants. All covenants, agreements, representations and warranties made by the BORROWER in this Agreement or in any other Loan Document or any instrument, document or certificate delivered pursuant hereto or thereto shall be deemed to have been material and relied on by the Lender, notwithstanding any investigation made by the Lender, and shall survive the execution and delivery of this Agreement and of such instrument, document or certificate until repayment of all Obligations of the BORROWER due hereunder and under the Note.

Section 11.10 Application of Payments. The Lender shall have the continuing and exclusive right to apply or reverse and re-apply any and all payments to any portion of the Obligations of the BORROWER. To the extent that the BORROWER makes a payment or payments to the Lender which payment or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law or state, Commonwealth or federal law, or equitable cause, then, to the extent of such payment received, the Obligations of the BORROWER or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment had not been received by the Lender.

Section 11.11 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by Electronic Means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 11.12 Confidentiality. The Lender agrees to keep confidential all non-public information pertaining to the BORROWER which is provided to it by any such parties and its agents in accordance with the Lender's customary procedures for handling confidential information of this nature, and shall not disclose such information to any Person except (i) to the extent such information is public when received by the Lender or becomes public thereafter due to the act or omission of any party other than the Lender and its agents, (ii) to the extent such information is independently obtained from a source other than the BORROWER and such information from such source is not, to the Lender's knowledge, subject to any obligation of confidentiality or, if such information is subject to an obligation of confidentiality, that disclosure of such information is permitted, (iii) to the Lender's counsel, auditor, examiner or any regulatory authority having jurisdiction over the Lender, accountants and other consultants retained

by the Lender, (iv) in connection with any litigation or the enforcement of the rights of the Lender under this Agreement or any other Loan Document, (v) to the extent required by any applicable statute, rule or regulation or court order (including, without limitation, by way of subpoena) or pursuant to the request of any Governmental Authority having jurisdiction over the Lender, or (vi) to the extent disclosure to other Persons is appropriate in connection with any proposed or actual assignment or grant of a participation to such other Person (who will in turn be required to maintain confidentiality as if it were the Lender a party to this Agreement). In no event shall the Lender be obligated or required to return any such information or other materials furnished by the BORROWER pursuant to this Agreement or the other Loan Documents.

Section 11.13 Governing Law. The Loan Documents are made pursuant to and shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Puerto Rico. The BORROWER, at the Lender's sole option and discretion, regardless of who commences the suit, action or proceeding, accepts the exclusive jurisdiction of the Courts of the Commonwealth of Puerto Rico, or the United States Courts in Puerto Rico, which the Lender may elect, in any suit, action, or proceeding to enforce or defend any rights or obligations under or in any manner related with the Loan Documents.

Section 11.14 Waiver of Jury Trial. THE BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE TERM LOAN OR THE ACTIONS OF THE LENDER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

Section 11.15 Time is of the essence. The Lender may suffer financial loss and damages if BORROWER, for any reason, should fail to complete the Improvements on or before the Construction Completion Date, and/or pay the Loan in full on or before the Maturity Date. Accordingly, BORROWER agrees that time is of the essence in this Agreement.

Section 11.16 Approval of the Lender. All documentation and proceedings reasonably deemed by the Lender to be necessary or required in connection with this Agreement and the documents relating hereto shall be subject to its prior approval as to form and substance. In addition, the Persons responsible for the execution and delivery of, and signatories to, all such documentation, shall be reasonably acceptable to, and subject to the reasonable approval of the Lender. The Lender shall receive copies (certified if requested) of all documents which it may require in connection with the transaction contemplated hereby.

Section 11.17 Facts Established by the Lender. The Lender shall, at all times, be free to independently establish to its satisfaction and in its absolute (except as may otherwise be provided in this Agreement) the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Agreement.

Section 11.18 Beneficiary of Loan Advances. This Agreement is solely for the benefit of the Lender and the BORROWER. All conditions of the obligations of the Lender to make Loan Advances hereunder are imposed solely and exclusively for the benefit of the Lender and may be freely waived or modified in whole or in part by the Lender at any time if in its sole discretion it deems it advisable to do so, and no Person other than the BORROWER (provided, however, that all conditions have been satisfied) shall have standing to require the Lender to make any Loan Advances or to be a beneficiary of this Agreement or any advances to be made hereunder.

Section 11.19 Damage or Destruction of Premises; Condemnation; Application of Insurance Funds or Condemnation Compensation. If any of the Premises and/or the Improvements is damaged or destroyed by casualty of any nature, BORROWER shall restore the Premises and/or the Improvements promptly to the condition in which they were before such damage or destruction. If the casualty occurs during the term of the Interim Loan, the Lender shall not be obligated to make any Loan Advance until such restoration has been accomplished. The Lender, at its option, may receive and retain any insurance proceeds payable with respect to any loss or damage to the Premises and/or the Improvements and to apply the insurance proceeds to pay the principal of and interest on the Loan, pay any Lien affecting the Premises and/or the Improvements, or the restoration and repair of the Premises and/or the Improvements. Lender agrees that, provided the insurance proceeds or condemnation proceeds are paid to Lender and all the following conditions are continuously met, the proceeds shall be deposited in a special escrow account under the Lender's exclusive control to be advanced by Lender to BORROWER for the costs of restoration and repair of the Premises or Improvements and the completion of the construction of the Improvements:

(a) BORROWER notifies the Lender in writing of BORROWER's desire and intent to restore and repair the damaged Premises and/or the Improvements;

(b) There exists no Event of Default or any other event or condition which, or the giving of notice or the passage of time, or both, would constitute an Event of Default under the terms of this Agreement or the other Loan Documents;

(c) Lender has not paid the insurance premium or advanced the insurance premium on behalf of the BORROWER that sustained the casualty loss, regardless of whether the amount paid or advanced by the Lender was added to the Obligations of the BORROWER under this Loan;

(d) If the proceeds are insufficient, in Lender's judgement, to pay the anticipated cost of restoring and repairing the damaged Premises and/or the Improvements in full, and line item savings or contingency, in each instance, only if specifically approved by Lender in advance, acting reasonably, are not otherwise available to make up the deficiency, BORROWER must pay such amounts as Lender may require to cover the anticipated costs of the restoration and repair of the Premises and/or the Improvements in full;

(e) BORROWER presents evidence satisfactory to Lender and Lender's counsel that (i) the proposed restoration and repairs are economically feasible; (ii) Lender's security is not and will not be impaired thereby; (iii) BORROWER has the ability and willingness to repay the Loan as and when due during the period of restoration and repair; and (iv) the resulting value of the Premises and the Improvements following the restoration and repair of the Premises and the Improvements will not be less than the value of the Premises and the Improvements before the casualty loss;

(f) BORROWER submits plans and specifications, the identity of each proposed contractor, and each contract for the repair and restoration of the Premises and/or Improvements to Lender for its review and approval, and Lender gives its written approval of the same, which approval shall not be unreasonably withheld or delayed. However, in no case shall Lender be required to be a party to any such contract or agreement;

(g) Lender does not and, in Lender's judgment, is not likely to incur any liability to any other Person as a result of such use or release of insurance proceeds; and

(h) The restoration and repairs commence, progress, and are completed within a reasonable period of time, as reasonably determined by Lender, and in any event, such restoration and repairs can be completed prior to the then scheduled Term Loan Maturity Date.

The application of proceeds toward the satisfaction of the Loan shall not extend or postpone the due date of payments due under the terms of the Note or other Loan Documents. In the event of a foreclosure of the Mortgage encumbering all or any portion of the Premises, a deed in lieu of foreclosure, or any other transfer of title in satisfaction of any indebtedness or obligation secured by the Premises, all of the BORROWER's right, title, and interest in and to any Insurance Policies then in force with respect to the Premises foreclosed or transferred, and any proceeds resulting from loss or damage to such Premises which occurred prior to such foreclosure or transfer, shall pass to Lender.

Section 11.20 No Responsibility of the Lender. The authority herein conferred upon the Lender, and any action taken by the Lender in making inspections of the Improvements, approving contracts, and approving the Plans, will be taken by the Lender and by the Construction Consultant for their own protection only, and they shall not be deemed to have assumed any responsibility to BORROWER or to anyone else with respect to any such action herein authorized or taken by the Lender or the Construction Consultant, or with respect to the proper construction of the Improvements, performance of contracts, or prevention of claims.

Section 11.21 Captions and Headings. The captions of the various articles, sections and paragraphs of this Agreement have been inserted only for the purposes of convenience, and are not a part of this Agreement, and shall not be deemed in any manner to modify, explain, enlarge, or restrict any of its provisions.

Section 11.22 Relationship. BORROWER and the Lender agree that BORROWER and not the Lender has the sole responsibility for the control and management of the Premises and the Improvements and the Lender's rights in respect thereof are only those set forth herein. The relationship created between the Lender, on the one hand, and BORROWER, on the other, is that of creditor and debtor. The Lender is not and shall not be treated as a partner of or co-venturer with BORROWER and any losses and debts incurred by BORROWER on account of the operation of the Premises and the Improvements or the ownership thereof are losses and debts to be borne solely by BORROWER.

Section 11.23 Non-Business Day. If the date for making payment, or the last day for performance of any act, or the exercising of any right, shall fall on a non-Business Day, as applicable, such payment will be made, or act performed, or right exercised on the next succeeding Business Day, as applicable, with the same force and effect as if done on the nominal date established hereunder. Interest shall accrue for the period after such nominal date.

Section 11.24 Certification under Financial Oversight Management Board's Policy: Review of Contracts, as amended. The BORROWER represents and warrants the information included in the Contractor Certification Requirement, as included in Appendix C of the Financial Oversight Management Board's Contract Submission Questionnaire, is complete, accurate and correct, and any misrepresentation, inaccuracy or falseness in such Certification will render this Agreement null and void and the BORROWER will have the obligation to reimburse immediately the Commonwealth of Puerto Rico any amounts, payments or benefits received from the Commonwealth under this Agreement.

Section 11.25 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 Lender, the BORROWER, or any other party pertaining to any matter resulting from the Agreement.



Section 11.26 Limitation on Duties Regarding Preservation of Collateral. The Lender's duty with respect to the custody, safekeeping, and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as the Lender deals with similar property for its own account. Neither the Lender nor any of its directors, officers or employees shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the BORROWER or otherwise.

Section 11.27 SAM Registration. The BORROWER must be registered in the System for Award Management and shall maintain its registration active.

Section 11.28 Ownership and Use of Documents. With the exception of the BORROWER's working papers, the BORROWER acknowledges the Lender's ownership of all information, drafts, documents, reports, papers, and other materials developed and

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

Section 11.29 Documentation and Recordkeeping. (I) Records to be Maintained:



The BORROWER 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 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-DR 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-DR assistance; Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-DR 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 the Lender's Federal award. **(II) Access to Records:** The BORROWER shall permit the Lender and auditors to have access to the BORROWER's records and financial statements as necessary for the Lender to meet its audit requirements under the Federal award. **(III) Record Retention and Transmission of Records to the Lender:** Prior to close out of this Agreement, the BORROWER must transmit to the Lender records sufficient for the Lender to demonstrate all costs under this Agreement met the requirements of the Federal award. **(IV) BORROWER's Data and Privileged Information:** The BORROWER 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. **(V) PII Policy:** The BORROWER must comply with the the Lender's CDBG-DR Personal Identifiable Information Policy, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), which may be updated from time to time.

Section 11.30 Access to Records. The BORROWER agrees to provide the Government of Puerto Rico, the Lender, 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 BORROWER which are directly pertinent to this



Agreement for the purposes of making audits, examinations, excerpts, and transcriptions. The BORROWER agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

Section 11.31 Non-Disclosure and Confidentiality. Confidential Information; Definition: The term Confidential Information as used throughout this Section, means any information concerning the Lender operations and that of its BORROWER (e.g., the projects, computer processing systems, object, and source codes and other Lender's 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 BORROWER, its agents, or representatives, in connection with the Lender operations. **(II) Non-Disclosure:** BORROWER agrees to take all reasonable steps or measures to keep confidential all Confidential Information and will not, at any time, present or future, without the Lender's express written authorization, signed by the Secretary of the Lender, use or sell, market, or disclose any Confidential Information to any third party, contractor, corporation, or association for any purpose whatsoever. BORROWER further agrees that, except as they relate to the normal course of the service, the BORROWER will not make copies of the Confidential Information except upon the Lender's express written authorization, signed by an authorized representative of the Lender, and will not remove any copy or sample of Confidential Information without prior written authorization from the Lender. BORROWER retains the right to control its work papers subject to these confidentiality provisions. **(III) Return Documents:** Upon receipt of written request from the Lender, BORROWER will return to the Lender all copies or samples of Confidential Information which, at the time of the notice are in BORROWER's or its agent's possession. BORROWER reserves the right to retain a set of its work papers. **(IV) Equitable Relief:** The BORROWER acknowledges and agrees that a breach of the provision of subparagraph B and C of this Section will cause the Lender to suffer irreparable damage that could not be remedied or compensated adequately only by mere monetary retribution. The BORROWER further agrees that money damages may not be a sufficient remedy for any breach of this Section. Accordingly, the BORROWER agrees that the Lender 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 the Lender by law, equity, or otherwise.

Section 11.32 Compliance with Federal Law, Regulations, and Executive Orders. The BORROWER acknowledges that HUD financial assistance will be used to fund the Agreement only. Also, the BORROWER shall comply with all applicable Federal, state, and local laws, rules, regulations, and policies relating to CDBG-DR 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, 24 C.F.R. Part 135; National Historic Preservation Act, and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards, and the environment; and Action Plan amendments and HUD's guidance on the funds.

Section 11.33 CDBG-DR Policies and Procedures. In addition to what is established in this Agreement, the BORROWER shall comply with all CDBG-DR 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-DR Program, URA & ADP Guidelines, Cross Cutting Guidelines, AFWAM Policy, Section 3 Policy, Personally Identifiable Information, Confidentiality, and Nondisclosure Policy and Conflict of Interest and Standards of Conduct Policy, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), 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 Lender.

Section 11.34 CDBG-DR Policies and Procedures. In addition to what is established in this Agreement, the BORROWER shall comply with all CDBG-DR 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-DR Program, URA & ADP Guidelines, Cross Cutting Guidelines, AFWAM Policy, Section 3 Policy, Personally Identifiable Information, Confidentiality, and Nondisclosure Policy and Conflict of Interest and Standards of Conduct Policy, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov), 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 Lender.



Section 11.35 Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352. (I) 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. (II) 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. (III) The BORROWER 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 BORROWER 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 BORROWER certifies or affirms the truthfulness and accuracy of each

statement of its certification and disclosure, if any. In addition, the BORROWER understands and agrees that the provisions of 31 U.S.C. §3801 *et seq.*, apply to this certification and disclosure, if any.

Section 11.36 Equal Opportunity. (I) The BORROWER will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity or national origin. The BORROWER 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 BORROWER 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. (II) The BORROWER will, in all solicitations or advertisements for employees placed by or on behalf of the BORROWER, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin. (III) When applicable, the BORROWER 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 BORROWER 's commitments under this Section and shall post copies of the notice in conspicuous places available to employees and applicants for employment. (IV) The BORROWER will comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and as supplemented by the rules, regulations, and relevant orders of the United States Secretary of Labor. (V) The BORROWER will furnish all information and reports required by Executive Order 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. (VI) In the event of the BORROWER '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 BORROWER may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law. (VII) The BORROWER will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (F) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The BORROWER 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 the BORROWER becomes involved in, or is threatened with,

litigation with a subcontractor or vendor as a result of such direction by the administering agency, the BORROWER may request the United States to enter into such litigation to protect the interests of the United States of America.

Section 11.37 Suspension and Debarment. (I) 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 BORROWER is required to verify none of the BORROWER, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (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). (II) The BORROWER 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. (III) This certification is a material representation of fact relied upon by the Lender. If it is later determined that the BORROWER 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 the Lender, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment. (IV) The BORROWER 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 BORROWER further agrees to include a provision requiring such compliance in its lower tier covered transactions.

Section 11.38 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, BORROWER, or any other party pertaining to any matter resulting from the Agreement.

Section 11.39 Program Fraud & False or Fraudulent Statements or Related Acts. The BORROWER acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to the BORROWER's actions pertaining to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written, the execution hereof by BORROWER constituting a certification by the Person executing on its behalf that he duly holds and is incumbent in the position indicated under his name.

LENDER:

BORROWER:

PUERTO RICO DEPARTMENT OF HOUSING

ROYALE BLUE HOSPITALITY, LLC

By: 

By: 

Name: José M. Olmo Tessasa, Esq.
Title: Director of Disaster Recovery
CDBG-DR Program

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

CORPORATE GUARANTOR:

TT INVESTMENT LLC

By: 

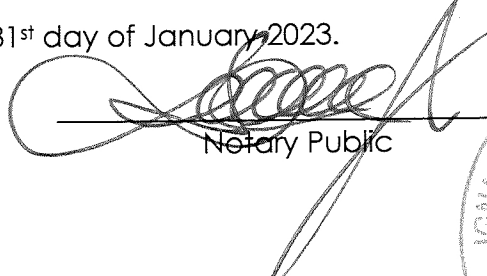
Name: Néstor A. Amador Chacón
Title: Executive Vice President

Affidavit No. 4685

Acknowledged and subscribed before me by José M. Olmo Terrasa, Esq., of legal age, married, attorney and resident of San Juan, Puerto Rico, as Director of Disaster Recovery CDBG-DR Program of the Puerto Rico Department of Housing; and Néstor A. Amador Chacón, of legal age, married, executive and resident of Guaynabo, Puerto Rico, as Authorized Representative of Royale Blue Hospitality, LLC and TT Investment LLC, to me personally known.

In San Juan, Puerto Rico, this 31st day of January, 2023.




Notary Public





LIST OF COLLATERAL

1. the Mortgage Note secured by the Mortgage encumbering the Premises;
2. the Leasehold Mortgage Note secured by the Leasehold Mortgage;
2. the Reserve Accounts;
3. the Leases, Rents and Profits;
4. the Fixtures and Equipment; and
5. any and all other property, real or personal, tangible or intangible , intended to be subject to the Liens or security interests created by the Loan Documents.

A handwritten signature is located in the bottom left corner of the page. It consists of several stylized, overlapping loops and lines, typical of a cursive signature.

HARD CONSTRUCTION COSTS STATEMENT

[ATTACHED]

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F&R Construction Group, Inc

El Conquistador Hotel CDBG Loan Payment Breakdown

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
1.00	General Conditions				
1.01	Property Damage & Public Responsibility	1.00	LS	\$ 94,142.50	\$ 94,142.50
1.02	Payment & Performance Bond	1.00	LS	\$ 124,500.00	\$ 124,500.00
1.03	CFSE	1.00	LS	\$ 158,543.00	\$ 158,543.00
1.04	Patentes Municipales	1.00	LS	\$ 228,500.00	\$ 228,500.00
1.05	Builders Risk Policy	1.00	LS	\$ 250,000.00	\$ 250,000.00
	Subtotal				\$ 855,685.50
2.00	Spa & Golf Club House				
2.01	Spa & Golf Club House	1.00	LS	\$ 698,750.00	\$ 698,750.00
	Subtotal				\$ 698,750.00
3.00	Special Partitions (Gypsum Board Work)				
3.01	GYPSUM BOARD WORK- LAS VISTAS ROOMS	301.00	RMS	\$ 5,500.00	\$ 1,655,500.00
3.02	WALL PAPER - CONVENTION CENTER	1.00	LS	\$ 450,000.00	\$ 450,000.00
3.03	GYPSUM PLASTER WALLS & CEILINGS - LAS VI	301.00	RMS	\$ 3,500.00	\$ 1,053,500.00
3.04	GB COME BACK WORK LA MARINA	1.00	LS	\$ 125,000.00	\$ 125,000.00
	Subtotal				\$ 3,284,000.00
4.00	Floor and Wall Finishes				
4.01	ROOM CT FLOOR/WALL - VISTAS	301.00	RMS	\$ 4,575.00	\$ 1,377,075.00
4.02	ROOM CT FLOOR/WALL - LA MARINA	69.00	RMS	\$ 4,722.00	\$ 325,818.00
4.03	PUBLIC BATHROOMS-CT FLOOR/WALL	10.00	EA	\$ 22,500.00	\$ 225,000.00
4.04	ROOM CARPET - VISTAS	301.00	RMS	\$ 1,650.00	\$ 496,650.00
4.05	ROOM BASE - VISTAS	301.00	RMS	\$ 200.00	\$ 60,200.00
4.06	HALLWAY FLOORING - VISTAS	52,000.00	SF	\$ 7.25	\$ 377,000.00
4.07	HALLWAY FLOORING - LA MARINA	8,524.00	SF	\$ 7.25	\$ 61,799.00
4.08	HALLWAY BASE - VISTAS	4,500.00	LF	\$ 4.75	\$ 21,375.00
4.09	HALLWAY BASE - LA MARINA	1,800.00	LF	\$ 4.75	\$ 8,550.00
4.10	CARPET - CARIBBEAN BLRM & PFUN	1.00	LS	\$ 325,000.00	\$ 325,000.00
4.11	CARPET - ATLANT.BLRM/PREFU/MTG	1.00	LS	\$ 475,000.00	\$ 475,000.00
4.12	COMEBACK WORK - LA MARINA CARPET	69.00	RMS	\$ 850.00	\$ 58,650.00
4.13	COMEBACK WORK - LA MARINA BASE	69.00	RMS	\$ 80.00	\$ 5,520.00
	Subtotal				\$ 3,817,637.00
5.00	Swimming Pool Work				
5.01	POOL ELECTROMECHANICAL WORKS	1.00	LS	\$ 495,000.00	\$ 495,000.00
5.02	POOL AREA SPLASH BAR	1.00	LS	\$ 135,050.00	\$ 135,050.00
	Subtotal				\$ 630,050.00
6.00	Windows, Doors and Hardware				
6.01	RM ENTRY DOOR/FRAME - VISTAS	272.00	EA	\$ 825.00	\$ 224,400.00
6.02	RM ENTRY DOOR/FRAME - MARINA	27.00	EA	\$ 825.00	\$ 22,275.00
6.03	BATHROOM ENTRY DOOR-VISTAS	301.00	EA	\$ 300.00	\$ 90,300.00
6.04	BATHROOM ENTRY DOOR-LA MARINA	101.00	EA	\$ 300.00	\$ 30,300.00
6.05	BATHROOM TOILET DOOR-VISTAS	301.00	EA	\$ 250.00	\$ 75,250.00
6.06	BATHROOM TOILET DOORS-LA MARINA	101.00	EA	\$ 250.00	\$ 25,250.00
6.07	BATHROOM CLOSET DOORS-VISTAS	301.00	EA	\$ 300.00	\$ 90,300.00
6.08	BATHROOM CLOSET DOORS-LA MARINA	100.00	EA	\$ 300.00	\$ 30,000.00
6.09	MECHANICAL ROOM CLOSET DOOR-VISTAS	301.00	EA	\$ 275.00	\$ 82,775.00
6.10	REPAIR CONN.DOOR/HARDWARE-VISTAS	301.00	EA	\$ 150.00	\$ 45,150.00
6.11	COMMON AREA DOORS - VISTAS	52.00	EA	\$ 1,250.00	\$ 65,000.00
6.12	COMMON AREA DOOR - CONVENTION	29.00	EA	\$ 1,250.00	\$ 36,250.00
6.13	HALLWAY WD SCRNS/TRELIS- VISTA	1.00	LS	\$ 35,000.00	\$ 35,000.00



F&R Construction Group, Inc
El Conquistador Hotel CDBG Loan Payment Breakdown

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
6.14	ROOM HARDWARE - LAS VISTAS ENTRY DOOR	301.00	RMS	\$ 775.00	\$ 233,275.00
6.15	ROOM HARDWARE - LAS VISTAS INTERIOR DOOR	301.00	RMS	\$ 775.00	\$ 233,275.00
6.16	ROOM HARDWARE - LA MARINA INTERIOR DOOR	69.00	RMS	\$ 775.00	\$ 53,475.00
6.17	ROOM AL/GL SLIDDING - VISTAS	1.00	LS	\$ 1,975,000.00	\$ 1,975,000.00
6.18	SLIDING DOOR SILL (Valance)	1.00	LS	\$ 62,500.00	\$ 62,500.00
	Subtotal				\$ 3,409,775.00
7.00	Misc Metal Work				
7.01	HALLWAY RAILINGS REPAIRS - LAS VISTAS	2,500.00	LF	\$ 10.00	\$ 25,000.00
7.02	BALCONY RAILINGS REPAIRS- LAS VISTAS	301.00	RMS	\$ 100.00	\$ 30,100.00
	Subtotal				\$ 55,100.00
8.00	Bathroom Accessories				
8.01	SHOWER PARTITIONS	301.00	EA	\$ 900.00	\$ 270,900.00
8.02	ROOMS BATH ACC - LAS VISTAS	301.00	RMS	\$ 200.00	\$ 60,200.00
8.03	ROOMS BATH ACC - LA MARINA	69.00	RMS	\$ 200.00	\$ 13,800.00
	Subtotal				\$ 344,900.00
9.00	Plumbing Work				
9.01	ROOM PLUMBING WORKS - VISTAS	301.00	RMS	\$ 3,500.00	\$ 1,053,500.00
9.02	ROOM PLUMBING WORKS -LA MARINA	96.00	RMS	\$ 3,500.00	\$ 336,000.00
9.03	SPRINKLER WORK - VISTAS	1.00	LS	\$ 79,200.00	\$ 79,200.00
9.04	PUBLIC BATHRMS-PLUMBING WORKS	7.00	EA	\$ 12,500.00	\$ 87,500.00
	Subtotal				\$ 1,556,200.00
10.00	Electrical I Work				
10.01	IT FIT-OUT	1.00	LS	\$ 606,000.00	\$ 606,000.00
10.02	ROOM ELECTRICAL WORK - VISTAS	301.00	RMS	\$ 2,750.00	\$ 827,750.00
10.03	HALLWAY ELEC WORK - VISTAS	1.00	LS	\$ 175,000.00	\$ 175,000.00
10.04	HALLWAY ELECT WORK - LA MARINA	1.00	LS	\$ 37,500.00	\$ 37,500.00
10.05	LIGHTING FIXTURES - HOTEL ROOMS	1.00	LS	\$ 55,800.00	\$ 55,800.00
10.06	ROMM ELECT. COMEBACK WORK- MARINA	69.00	RMS	\$ 1,100.00	\$ 75,900.00
	Subtotal				\$ 1,777,950.00
11.00	Mechanical Work				
11.01	LAS VISTAS - A/C EQUIPMENT	301.00	RMS	\$ 2,450.00	\$ 737,450.00
11.02	LAS VISTAS - FRESH AIR	301.00	RMS	\$ 750.00	\$ 225,750.00
11.03	LAS VISTAS - A/C INSTALATION	301.00	RMS	\$ 850.00	\$ 255,850.00
11.04	LAS VISTAS - A/C CONTROL SYSTM	301.00	RMS	\$ 1,100.00	\$ 331,100.00
11.05	LAS VISTAS - CW PIPE INSULATIO	301.00	RMS	\$ 1,000.00	\$ 301,000.00
11.06	A/C - MINI BALLROOM ATLANTIC	1.00	LS	\$ 225,000.00	\$ 225,000.00
	Subtotal				\$ 2,076,150.00
12.00	Elevator & Funicular Work				
12.01	ELEVATOR WORK - LAS VISTAS	1.00	LS	\$ 181,900.00	\$ 181,900.00
12.02	ELEVATOR WORK - CABINS INTERIOR FINISH U	1.00	LS	\$ 65,000.00	\$ 65,000.00
	Subtotal				\$ 246,900.00
13.00	Painting				
13.01	PAINTING - LAS VISTAS	1.00	LS	\$ 632,100.00	\$ 632,100.00
13.02	PAINTING - COMEBACK WORK LA MARINA ROOMS	69.00	RMS	\$ 750.00	\$ 51,750.00
13.03	PAINT - CONVENTION CENTER	1.00	LS	\$ 200,000.00	\$ 200,000.00
	Subtotal				\$ 883,850.00
14.00	Room Bathroom Vanities				
14.01	ROOM BATH CABINETS - VISTAS	298.00	RMS	\$ 500.00	\$ 149,000.00
14.02	ROOM BATH CABINETS - LA MARINA	69.00	RMS	\$ 500.00	\$ 34,500.00



F&R Construction Group, Inc
El Conquistador Hotel CDBG Loan Payment Breakdown

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
	Subtotal				\$ 183,500.00
15.00	Miscellaneous and Specialties				
15.01	RESTAURANT - VIRGIN BURGER	1.00	LS	\$ 25,000.00	\$ 25,000.00
15.02	RESTAURANT - LAS BRISAS RESTAURANT	1.00	LS	\$ 500,000.00	\$ 500,000.00
15.03	RESTAURANT - ESSENCE	1.00	LS	\$ 72,000.00	\$ 72,000.00
15.04	RESTAURANT - CAFÉ BELLA VISTA	1.00	LS	\$ 141,750.00	\$ 141,750.00
15.05	HILTON VIP ROOM	1.00	LS	\$ 67,500.00	\$ 67,500.00
15.06	MARINA ARRIVAL LOBBY UPGRADE	1.00	LS	\$ 210,850.00	\$ 210,850.00
15.07	BACK OF THE HOUSE	1.00	LS	\$ 875,000.00	\$ 875,000.00
15.08	SIGN PACKAGE - LAS VISTAS	1.00	LS	\$ 120,000.00	\$ 120,000.00
15.09	SIGN PACKAGE - CONVENTION CNTR	1.00	LS	\$ 50,000.00	\$ 50,000.00
15.10	SIGN PACKAGE - MAIN HOTEL AREA	1.00	LS	\$ 100,000.00	\$ 100,000.00
	Subtotal				\$ 2,162,100.00
16.00	Demolition & Mold Prevention Work				
16.01	DEMOLITION - SITE	1.00	LS	\$ 20,367.00	\$ 20,367.00
	Subtotal				\$ 20,367.00
17.00	Site Work				
17.01	ASPHALT PAVEMENT	68,006.00	SM	\$ 14.25	\$ 969,085.50
17.02	ASPHALT PAVEMENT - LINES	1.00	LS	\$ 35,000.00	\$ 35,000.00
17.03	LANDSCAPING	1.00	LS	\$ 400,000.00	\$ 400,000.00
17.04	GOLF COURSE IMPROVEMENTS	1.00	LS	\$ 445,000.00	\$ 445,000.00
17.05	MAIN GATE IMPROVEMENTS	1.00	LS	\$ 450,000.00	\$ 450,000.00
	Subtotal				\$ 2,299,085.50
18.00	Palomino Island				
18.01	Site Work (Pathways, misc works)	1.00	LS	\$ 100,000.00	\$ 100,000.00
18.02	Sunset Bar	1.00	LS	\$ 275,000.00	\$ 275,000.00
18.03	Equipment Shack	1.00	LS	\$ 200,000.00	\$ 200,000.00
	Subtotal				\$ 575,000.00
19.00	Change Orders				
19.01	Chiller CO - PV System Racking System	1.00	LS	\$ 225,000.00	\$ 225,000.00
19.02	Chiller CO - PV System civil works	1.00	LS	\$ 125,000.00	\$ 125,000.00
19.03	Chiller CO - PV system instalation	1.00	LS	\$ 1,100,000.00	\$ 1,100,000.00
19.04	Chiller CO - PV System Integration	1.00	LS	\$ 50,000.00	\$ 50,000.00
	Subtotal				\$ 1,500,000.00
20.00	Grand Total				\$ 26,377,000.00



F&R Construction Group, Inc
El Conquistador Hotel CDBG Loan Cash Flow

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL	SUB-TOTAL	C.F. CHECK	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5
1.00	General Conditions											
1.01	Property Damage & Public Responsibility	1.00	LS	\$ 94,142.50	\$ 94,142.50		94,142.50	94,142.50				
1.02	Payment & Performance Bond	1.00	LS	\$ 124,500.00	\$ 124,500.00		124,500.00	124,500.00				
1.03	CFSE	1.00	LS	\$ 158,543.00	\$ 158,543.00		158,543.00	158,543.00				
1.04	Patentes Municipales	1.00	LS	\$ 228,500.00	\$ 228,500.00		228,500.00	15,000.00	16,500.00	18,500.00	22,500.00	22,500.00
1.05	Builders Risk Policy	1.00	LS	\$ 250,000.00	\$ 250,000.00		250,000.00	250,000.00				
	Subtotal					\$ 855,685.50						
2.00	Spa & Golf Club House											
2.01	Spa & Golf Club House	1.00	LS	\$ 698,750.00	\$ 698,750.00		698,750.00				75,000.00	125,000.00
	Subtotal					\$ 698,750.00						
3.00	Special Partitions (Gypsum Board Work)											
3.01	GYPSUM BOARD WORK- LAS VISTAS ROOMS	301.00	RMS	\$ 5,500.00	\$ 1,655,500.00		1,655,500.00		127,500.00	178,000.00	225,000.00	225,000.00
3.02	WALL PAPER - CONVENTION CENTER	1.00	LS	\$ 450,000.00	\$ 450,000.00		450,000.00				150,000.00	150,000.00
3.03	GYPSUM PLASTER WALLS & CEILINGS - LAS VI	301.00	RMS	\$ 3,500.00	\$ 1,053,500.00		1,053,500.00		65,000.00	85,000.00	135,000.00	135,000.00
3.04	GB COME BACK WORK LA MARINA	1.00	LS	\$ 125,000.00	\$ 125,000.00		125,000.00					
	Subtotal					\$ 3,284,000.00						
4.00	Floor and Wall Finishes											
4.01	ROOM CT FLOOR/WALL - VISTAS	301.00	RMS	\$ 4,575.00	\$ 1,377,075.00		1,377,075.00	22,075.00	55,000.00	75,000.00	85,000.00	115,000.00
4.02	ROOM CT FLOOR/WALL - LA MARINA	69.00	RMS	\$ 4,722.00	\$ 325,818.00		325,818.00					
4.03	PUBLIC BATHROOMS-CT FLOOR/WALL	10.00	EA	\$ 22,500.00	\$ 225,000.00		225,000.00	22,500.00	22,500.00	45,000.00		45,000.00
4.04	ROOM CARPET - VISTAS	301.00	RMS	\$ 1,650.00	\$ 496,650.00		496,650.00					32,500.00
4.05	ROOM BASE - VISTAS	301.00	RMS	\$ 200.00	\$ 60,200.00		60,200.00	1,000.00	3,000.00	3,600.00	6,000.00	6,000.00
4.06	HALLWAY FLOORING - VISTAS	52,000.00	SF	\$ 7.25	\$ 377,000.00		377,000.00		15,000.00	25,000.00	35,000.00	35,000.00
4.07	HALLWAY FLOORING - LA MARINA	8,524.00	SF	\$ 7.25	\$ 61,799.00		61,799.00					
4.08	HALLWAY BASE - VISTAS	4,500.00	LF	\$ 4.75	\$ 21,375.00		21,375.00			1,375.00	2,500.00	2,500.00
4.09	HALLWAY BASE - LA MARINA	1,800.00	LF	\$ 4.75	\$ 8,550.00		8,550.00					
4.10	CARPET - CARIBBEAN BLRM & PFUN	1.00	LS	\$ 325,000.00	\$ 325,000.00		325,000.00		150,000.00	150,000.00	25,000.00	
4.11	CARPET - ATLANT.BLRM/PREFU/MTG	1.00	LS	\$ 475,000.00	\$ 475,000.00		475,000.00			150,000.00	150,000.00	150,000.00
4.12	COMEBACK WORK - LA MARINA CARPET	69.00	RMS	\$ 850.00	\$ 58,650.00		58,650.00					
4.13	COMEBACK WORK - LA MARINA BASE	69.00	RMS	\$ 80.00	\$ 5,520.00		5,520.00					
	Subtotal					\$ 3,817,637.00						
5.00	Swimming Pool Work											
5.01	POOL ELECTROMECHANICAL WORKS	1.00	LS	\$ 495,000.00	\$ 495,000.00		495,000.00	75,000.00	125,000.00	125,000.00	125,000.00	45,000.00
5.02	POOL AREA SPLASH BAR	1.00	LS	\$ 135,050.00	\$ 135,050.00		135,050.00					
	Subtotal					\$ 630,050.00						
6.00	Windows, Doors and Hardware											
6.01	RM ENTRY DOOR/FRAME - VISTAS	272.00	EA	\$ 825.00	\$ 224,400.00		224,400.00			8,250.00	16,500.00	16,500.00
6.02	RM ENTRY DOOR/FRAME - MARINA	27.00	EA	\$ 825.00	\$ 22,275.00		22,275.00					
6.03	BATHROOM ENTRY DOOR-VISTAS	301.00	EA	\$ 300.00	\$ 90,300.00		90,300.00			3,000.00	6,000.00	6,000.00
6.04	BATHROOM ENTRY DOOR-LA MARINA	101.00	EA	\$ 300.00	\$ 30,300.00		30,300.00					
6.05	BATHROOM TOILET DOOR-VISTAS	301.00	EA	\$ 250.00	\$ 75,250.00		75,250.00			5,000.00	5,000.00	6,500.00
6.06	BATHROOM TOILET DOORS-LA MARINA	101.00	EA	\$ 250.00	\$ 25,250.00		25,250.00					
6.07	BATHROOM CLOSET DOORS-VISTAS	301.00	EA	\$ 300.00	\$ 90,300.00		90,300.00			3,000.00	6,000.00	6,000.00
6.08	BATHROOM CLOSET DOORS-LA MARINA	100.00	EA	\$ 300.00	\$ 30,000.00		30,000.00					



F&R Construction Group, Inc
El Conquistador Hotel CDBG Loan Cash Flow

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL	SUB-TOTAL	C.F. CHECK	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5
6.09	MECHANICAL ROOM CLOSET DOOR-VISTAS	301.00	EA	\$ 275.00	\$ 82,775.00		82,775.00			2,775.00	6,500.00	7,250.00
6.10	REPAIR CONN.DOOR/HARDWARE-VISTAS	301.00	EA	\$ 150.00	\$ 45,150.00		45,150.00			1,500.00	3,000.00	3,000.00
6.11	COMMON AREA DOORS - VISTAS	52.00	EA	\$ 1,250.00	\$ 65,000.00		65,000.00					
6.12	COMMON AREA DOOR - CONVENTION	29.00	EA	\$ 1,250.00	\$ 36,250.00		36,250.00	3,750.00	12,500.00	12,500.00	7,500.00	
6.13	HALLWAY WD SCRNS/TRELIS- VISTA	1.00	LS	\$ 35,000.00	\$ 35,000.00		35,000.00				35,000.00	
6.14	ROOM HARDWARE - LAS VISTAS ENTRY DOOR	301.00	RMS	\$ 775.00	\$ 233,275.00		233,275.00			7,750.00	15,500.00	15,500.00
6.15	ROOM HARDWARE - LAS VISTAS INTERIOR DOOR	301.00	RMS	\$ 775.00	\$ 233,275.00		233,275.00			7,750.00	15,500.00	15,500.00
6.16	ROOM HARDWARE - LA MARINA INTERIOR DOOR	69.00	RMS	\$ 775.00	\$ 53,475.00		53,475.00					
6.17	ROOM AL/GL SLIDDING - VISTAS	1.00	LS	\$ 1,975,000.00	\$ 1,975,000.00		1,975,000.00	130,000.00	130,000.00	225,000.00	240,000.00	275,000.00
6.18	SLIDING DOOR SILL (Valance)	1.00	LS	\$ 62,500.00	\$ 62,500.00		62,500.00	4,500.00	4,500.00	8,000.00	12,500.00	12,500.00
	Subtotal						\$ 3,409,775.00					
7.00	Misc Metal Work											
7.01	HALLWAY RAILINGS REPAIRS - LAS VISTAS	2,500.00	LF	\$ 10.00	\$ 25,000.00		25,000.00		2,500.00	2,500.00	2,500.00	2,500.00
7.02	BALCONY RAILINGS REPAIRS- LAS VISTAS	301.00	RMS	\$ 100.00	\$ 30,100.00		30,100.00		3,000.00	3,000.00	3,000.00	3,000.00
	Subtotal						\$ 55,100.00					
8.00	Bathroom Accessories											
8.01	SHOWER PARTITIONS	301.00	EA	\$ 900.00	\$ 270,900.00		270,900.00					
8.02	ROOMS BATH ACC - LAS VISTAS	301.00	RMS	\$ 200.00	\$ 60,200.00		60,200.00					
8.03	ROOMS BATH ACC - LA MARINA	69.00	RMS	\$ 200.00	\$ 13,800.00		13,800.00					
	Subtotal						\$ 344,900.00					
9.00	Plumbing Work											
9.01	ROOM PLUMBING WORKS - VISTAS	301.00	RMS	\$ 3,500.00	\$ 1,053,500.00		1,053,500.00	50,000.00	65,000.00	85,000.00	85,000.00	115,000.00
9.02	ROOM PLUMBING WORKS -LA MARINA	96.00	RMS	\$ 3,500.00	\$ 336,000.00		336,000.00					
9.03	SPRINKLER WORK - VISTAS	1.00	LS	\$ 79,200.00	\$ 79,200.00		79,200.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
9.04	PUBLIC BATHRMS-PLUMBING WORKS	7.00	EA	\$ 12,500.00	\$ 87,500.00		87,500.00	12,500.00	12,500.00	12,500.00		25,000.00
	Subtotal						\$ 1,556,200.00					
10.00	Electrical I Work											
10.01	IT FIT-OUT	1.00	LS	\$ 606,000.00	\$ 606,000.00		606,000.00			50,000.00	50,000.00	50,000.00
10.02	ROOM ELECTRICAL WORK - VISTAS	301.00	RMS	\$ 2,750.00	\$ 827,750.00		827,750.00	22,500.00	27,500.00	50,000.00	50,000.00	65,000.00
10.03	HALLWAY ELEC WORK - VISTAS	1.00	LS	\$ 175,000.00	\$ 175,000.00		175,000.00		17,500.00	17,500.00	17,500.00	17,500.00
10.04	HALLWAY ELECT WORK - LA MARINA	1.00	LS	\$ 37,500.00	\$ 37,500.00		37,500.00					
10.05	LIGHTING FIXTURES - HOTEL ROOMS	1.00	LS	\$ 55,800.00	\$ 55,800.00		55,800.00					
10.06	ROMM ELECT. COMEBACK WORK- MARINA	69.00	RMS	\$ 1,100.00	\$ 75,900.00		75,900.00					
	Subtotal						\$ 1,777,950.00					
11.00	Mechanical Work											
11.01	LAS VISTAS - A/C EQUIPMENT	301.00	RMS	\$ 2,450.00	\$ 737,450.00		737,450.00	35,000.00	75,000.00	95,000.00	95,000.00	115,000.00
11.02	LAS VISTAS - FRESH AIR	301.00	RMS	\$ 750.00	\$ 225,750.00		225,750.00		22,500.00	35,000.00	45,000.00	45,000.00
11.03	LAS VISTAS - A/C INSTALATION	301.00	RMS	\$ 850.00	\$ 255,850.00		255,850.00			12,500.00	18,500.00	25,500.00
11.04	LAS VISTAS - A/C CONTROL SYSTEM	301.00	RMS	\$ 1,100.00	\$ 331,100.00		331,100.00					27,500.00
11.05	LAS VISTAS - CW PIPE INSULATIO	301.00	RMS	\$ 1,000.00	\$ 301,000.00		301,000.00	25,000.00	50,000.00	50,000.00	50,000.00	50,000.00
11.06	A/C - MINI BALLROOM ATLANTIC	1.00	LS	\$ 225,000.00	\$ 225,000.00		225,000.00	100,000.00	100,000.00	25,000.00		
	Subtotal						\$ 2,076,150.00					
12.00	Elevator & Funicular Work											
12.01	ELEVATOR WORK - LAS VISTAS	1.00	LS	\$ 181,900.00	\$ 181,900.00		181,900.00					



F&R Construction Group, Inc
 El Conquistador Hotel CDBG Loan Cash Flow

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL	SUB-TOTAL	C.F. CHECK	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5
12.02	ELEVATOR WORK - CABINS INTERIOR FINISH U	1.00	LS	\$ 65,000.00	\$ 65,000.00		65,000.00					
	Subtotal					\$ 246,900.00						
13.00	Painting											
13.01	PAINTING - LAS VISTAS	1.00	LS	\$ 632,100.00	\$ 632,100.00		632,100.00		27,500.00	27,500.00	42,500.00	42,500.00
13.02	PAINTING - COMEBACK WORK LA MARINA ROOMS	69.00	RMS	\$ 750.00	\$ 51,750.00		51,750.00					
13.03	PAINT - CONVENTION CENTER	1.00	LS	\$ 200,000.00	\$ 200,000.00		200,000.00	15,000.00	50,000.00	50,000.00	50,000.00	35,000.00
	Subtotal					\$ 883,850.00						
14.00	Room Bathroom Vanities											
14.01	ROOM BATH CABINETS - VISTAS	298.00	RMS	\$ 500.00	\$ 149,000.00		149,000.00				10,000.00	12,500.00
14.02	ROOM BATH CABINETS - LA MARINA	69.00	RMS	\$ 500.00	\$ 34,500.00		34,500.00					
	Subtotal					\$ 183,500.00						
15.00	Miscellaneous and Specialties											
15.01	RESTAURANT - VIRGIN BURGER	1.00	LS	\$ 25,000.00	\$ 25,000.00		25,000.00	18,750.00	6,250.00			
15.02	RESTAURANT - LAS BRISAS RESTAURANT	1.00	LS	\$ 500,000.00	\$ 500,000.00		500,000.00					25,000.00
15.03	RESTAURANT - ESSENCE	1.00	LS	\$ 72,000.00	\$ 72,000.00		72,000.00	25,000.00	25,000.00	22,000.00		
15.04	RESTAURANT - CAFÉ BELLA VISTA	1.00	LS	\$ 141,750.00	\$ 141,750.00		141,750.00					
15.05	HILTON VIP ROOM	1.00	LS	\$ 67,500.00	\$ 67,500.00		67,500.00		22,500.00	22,500.00	22,500.00	
15.06	MARINA ARRIVAL LOBBY UPGRADE	1.00	LS	\$ 210,850.00	\$ 210,850.00		210,850.00					37,500.00
15.07	BACK OF THE HOUSE	1.00	LS	\$ 875,000.00	\$ 875,000.00		875,000.00	50,000.00	50,000.00	50,000.00	62,500.00	62,500.00
15.08	SIGN PACKAGE - LAS VISTAS	1.00	LS	\$ 120,000.00	\$ 120,000.00		120,000.00					
15.09	SIGN PACKAGE - CONVENTION CNTR	1.00	LS	\$ 50,000.00	\$ 50,000.00		50,000.00					25,000.00
15.10	SIGN PACKAGE - MAIN HOTEL AREA	1.00	LS	\$ 100,000.00	\$ 100,000.00		100,000.00				25,000.00	25,000.00
	Subtotal					\$ 2,162,100.00						
16.00	Demolition & Mold Prevention Work											
16.01	DEMOLITION - SITE	1.00	LS	\$ 20,367.00	\$ 20,367.00		20,367.00	20,367.00				
	Subtotal					\$ 20,367.00						
17.00	Site Work											
17.01	ASPHALT PAVEMENT	68,006.00	SM	\$ 14.25	\$ 969,085.50		969,085.50	175,000.00	225,000.00	225,000.00	225,000.00	119,085.50
17.02	ASPHALT PAVEMENT - LINES	1.00	LS	\$ 35,000.00	\$ 35,000.00		35,000.00			12,500.00	12,500.00	10,000.00
17.03	LANDSCAPING	1.00	LS	\$ 400,000.00	\$ 400,000.00		400,000.00	25,000.00	25,000.00		50,000.00	50,000.00
17.04	GOLF COURSE IMPROVEMENTS	1.00	LS	\$ 445,000.00	\$ 445,000.00		445,000.00		45,000.00	45,000.00	45,000.00	45,000.00
17.05	MAIN GATE IMPROVEMENTS	1.00	LS	\$ 450,000.00	\$ 450,000.00		450,000.00					
	Subtotal					\$ 2,299,085.50						
18.00	Palomino Island											
18.01	Site Work (Pathways, misc works)	1.00	LS	\$ 100,000.00	\$ 100,000.00		100,000.00				25,000.00	25,000.00
18.02	Sunset Bar	1.00	LS	\$ 275,000.00	\$ 275,000.00		275,000.00				50,000.00	50,000.00
18.03	Equipment Shack	1.00	LS	\$ 200,000.00	\$ 200,000.00		200,000.00					15,000.00
	Subtotal					\$ 575,000.00						
19.00	Change Orders											
19.01	Chiller CO - PV System Racking System	1.00	LS	\$ 225,000.00	\$ 225,000.00		225,000.00		85,000.00	85,000.00	55,000.00	
19.02	Chiller CO - PV System civil works	1.00	LS	\$ 125,000.00	\$ 125,000.00		125,000.00	25,000.00	50,000.00	50,000.00		
19.03	Chiller CO - PV system instalation	1.00	LS	\$ 1,100,000.00	\$ 1,100,000.00		1,100,000.00			225,000.00	325,000.00	325,000.00
19.04	Chiller CO - PV System Integration	1.00	LS	\$ 50,000.00	\$ 50,000.00		50,000.00					
	Subtotal					\$ 1,500,000.00						



F&R Construction Group, Inc
 El Conquistador Hotel CDBG Loan Cash Flow

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL	SUB-TOTAL	C.F. CHECK	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5
20.00	Grand Total				\$ 26,377,000.00							
	MONTHLY GROSS TOTALS					\$ 26,377,000.00		1,515,127.50	1,728,250.00	2,408,500.00	2,836,500.00	2,912,335.50
	CUM. MO. GROSS TOTALS							1,515,127.50	3,243,377.50	5,651,877.50	8,488,377.50	11,400,713.00
	MONTHLY RETAINAGE					\$ 2,637,700.00		151,512.75	172,825.00	240,850.00	283,650.00	291,233.55
	CUM. MO. RETAINAGE							151,512.75	324,337.75	565,187.75	848,837.75	1,140,071.30
	MONTHLY NET TOTALS					\$ 23,739,300.00		1,363,614.75	1,555,425.00	2,167,650.00	2,552,850.00	2,621,101.95
	CUM. MO. NET TOTALS							1,363,614.75	2,919,039.75	5,086,689.75	7,639,539.75	10,260,641.70
	MONTHLY PERCENTAGE					100.00%		5.74%	6.55%	9.13%	10.75%	11.04%
	CUM. MO. PERCENTAGE							5.74%	12.30%	21.43%	32.18%	43.22%



ITEM	DESCRIPTION	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	MONTH 13	MONTH 14	MONTH 15
1.00	General Conditions										
1.01	Property Damage & Public Responsibility										
1.02	Payment & Performance Bond										
1.03	CFSE										
1.04	Patentes Municipales	19,500.00	22,500.00	19,000.00	18,000.00	16,000.00	13,500.00	10,500.00	7,650.00	4,535.00	2,315.00
1.05	Builders Risk Policy										
	Subtotal										
2.00	Spa & Golf Club House										
2.01	Spa & Golf Club House	125,000.00	125,000.00	125,000.00	100,000.00	23,750.00					
	Subtotal										
3.00	Special Partitions (Gypsum Board Work)										
3.01	GYPSUM BOARD WORK- LAS VISTAS ROOMS	225,000.00	225,000.00	225,000.00	225,000.00						
3.02	WALL PAPER - CONVENTION CENTER	150,000.00									
3.03	GYPSUM PLASTER WALLS & CEILINGS - LAS VÍ	135,000.00	135,000.00	135,000.00	115,000.00	113,500.00					
3.04	GB COME BACK WORK LA MARINA				25,000.00	55,000.00	45,000.00				
	Subtotal										
4.00	Floor and Wall Finishes										
4.01	ROOM CT FLOOR/WALL - VISTAS	115,000.00	125,000.00	125,000.00	175,000.00	175,000.00	150,000.00	125,000.00	35,000.00		
4.02	ROOM CT FLOOR/WALL - LA MARINA				50,000.00	135,000.00	140,818.00				
4.03	PUBLIC BATHROOMS-CT FLOOR/WALL		45,000.00		45,000.00						
4.04	ROOM CARPET - VISTAS	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	41,650.00	32,500.00		
4.05	ROOM BASE - VISTAS	6,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	6,600.00			
4.06	HALLWAY FLOORING - VISTAS	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	22,000.00		
4.07	HALLWAY FLOORING - LA MARINA					25,000.00	25,000.00	11,799.00			
4.08	HALLWAY BASE - VISTAS	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00				
4.09	HALLWAY BASE - LA MARINA					2,000.00	3,500.00	3,050.00			
4.10	CARPET - CARIBBEAN BLRM & PFUN										
4.11	CARPET - ATLANT.BLRM/PREFU/MTG	25,000.00									
4.12	COMEBACK WORK - LA MARINA CARPET					18,500.00	21,500.00	18,650.00			
4.13	COMEBACK WORK - LA MARINA BASE					1,500.00	2,500.00	1,520.00			
	Subtotal										
5.00	Swimming Pool Work										
5.01	POOL ELECTROMECHANICAL WORKS										
5.02	POOL AREA SPLASH BAR	15,000.00	25,000.00	25,000.00	50,000.00	20,050.00					
	Subtotal										
6.00	Windows, Doors and Hardware										
6.01	RM ENTRY DOOR/FRAME - VISTAS	24,500.00	24,500.00	24,500.00	24,500.00	24,500.00	24,500.00	24,500.00	11,650.00		
6.02	RM ENTRY DOOR/FRAME - MARINA						2,275.00	10,000.00	10,000.00		
6.03	BATHROOM ENTRY DOOR-VISTAS	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	7,300.00	
6.04	BATHROOM ENTRY DOOR-LA MARINA						10,500.00	10,500.00	9,300.00		
6.05	BATHROOM TOILET DOOR-VISTAS	6,500.00	6,500.00	6,500.00	6,500.00	6,750.00	6,500.00	6,500.00	6,500.00	6,500.00	
6.06	BATHROOM TOILET DOORS-LA MARINA						8,500.00	8,500.00	8,250.00		
6.07	BATHROOM CLOSET DOORS-VISTAS	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	8,500.00	7,300.00	
6.08	BATHROOM CLOSET DOORS-LA MARINA						10,000.00	10,000.00	10,000.00		



F&R Construction Group, Inc
 El Conquistador Hotel CDBG Loan Cash Flc

ITEM	DESCRIPTION	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	MONTH 13	MONTH 14	MONTH 15
6.09	MECHANICAL ROOM CLOSET DOOR-VISTAS	7,250.00	7,250.00	7,500.00	7,500.00	7,500.00	7,500.00	7,250.00	7,250.00	7,250.00	
6.10	REPAIR CONN.DOOR/HARDWARE-VISTAS	4,250.00	4,250.00	4,250.00	4,250.00	4,250.00	4,250.00	4,250.00	4,250.00	3,650.00	
6.11	COMMON AREA DOORS - VISTAS	12,500.00	12,500.00	12,500.00	12,500.00	15,000.00					
6.12	COMMON AREA DOOR - CONVENTION										
6.13	HALLWAY WD SCRNS/TRELIS- VISTA										
6.14	ROOM HARDWARE - LAS VISTAS ENTRY DOOR	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	6,525.00	
6.15	ROOM HARDWARE - LAS VISTAS INTERIOR DOOR	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	23,500.00	6,525.00	
6.16	ROOM HARDWARE - LA MARINA INTERIOR DOOR							23,500.00	23,500.00	6,475.00	
6.17	ROOM AL/GL SLIDDING - VISTAS	325,000.00	325,000.00	325,000.00							
6.18	SLIDING DOOR SILL (Valance)	12,500.00	8,000.00								
	Subtotal										
7.00	Misc Metal Work										
7.01	HALLWAY RAILINGS REPAIRS - LAS VISTAS	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00				
7.02	BALCONY RAILINGS REPAIRS- LAS VISTAS	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,100.00				
	Subtotal										
8.00	Bathroom Accessories										
8.01	SHOWER PARTITIONS	21,900.00	28,000.00	28,000.00	28,000.00	28,000.00	28,000.00	28,000.00	28,000.00	28,000.00	25,000.00
8.02	ROOMS BATH ACC - LAS VISTAS	5,000.00	5,000.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	4,700.00
8.03	ROOMS BATH ACC - LA MARINA							4,500.00	4,800.00	4,500.00	
	Subtotal										
9.00	Plumbing Work										
9.01	ROOM PLUMBING WORKS - VISTAS	115,000.00	115,000.00	85,000.00	85,000.00	85,000.00	65,000.00	50,000.00	25,000.00	15,000.00	13,500.00
9.02	ROOM PLUMBING WORKS -LA MARINA				35,000.00	70,000.00	85,000.00	76,500.00	69,500.00		
9.03	SPRINKLER WORK - VISTAS	4,200.00									
9.04	PUBLIC BATHRMS-PLUMBING WORKS		12,500.00		12,500.00						
	Subtotal										
10.00	Electrical I Work										
10.01	IT FIT-OUT	56,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	
10.02	ROOM ELECTRICAL WORK - VISTAS	65,000.00	75,000.00	67,750.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	15,000.00
10.03	HALLWAY ELEC WORK - VISTAS	17,500.00	17,500.00	17,500.00	17,500.00	17,500.00	17,500.00				
10.04	HALLWAY ELEC WORK - LA MARINA						12,500.00	12,500.00	12,500.00		
10.05	LIGHTING FIXTURES - HOTEL ROOMS	5,580.00	5,580.00	5,580.00	5,580.00	5,580.00	5,580.00	5,580.00	5,580.00	5,580.00	5,580.00
10.06	ROMM ELEC. COMEBACK WORK- MARINA					25,000.00	25,500.00	25,400.00			
	Subtotal										
11.00	Mechanical Work										
11.01	LAS VISTAS - A/C EQUIPMENT	115,000.00	115,000.00	92,450.00							
11.02	LAS VISTAS - FRESH AIR	45,000.00	33,250.00								
11.03	LAS VISTAS - A/C INSTALATION	35,000.00	35,000.00	45,000.00	45,000.00	25,500.00	13,850.00				
11.04	LAS VISTAS - A/C CONTROL SYSTM	27,500.00	27,500.00	27,500.00	42,500.00	42,500.00	42,500.00	27,500.00	27,500.00	27,500.00	11,100.00
11.05	LAS VISTAS - CW PIPE INSULATIO	50,000.00	26,000.00								
11.06	A/C - MINI BALLROOM ATLANTIC										
	Subtotal										
12.00	Elevator & Funicular Work										
12.01	ELEVATOR WORK - LAS VISTAS	47,500.00	47,500.00	47,500.00	39,400.00						



HUD GENERAL PROVISIONS

Given that this Loan Agreement involves funds for which the HUD is the oversight agency, the following terms and conditions may apply to the Loan Agreement. In addition, the Borrower, any Guarantor, the General Contractor, the Architect, or any sub-contractor (the "Loan Parties") shall comply with the Federal Labor Standards Provisions set forth in Form HUD-4010, available at:

<https://www.hudexchange.info/resource/2490/hud-form-4010-federal-labor-standards-provisions/>.

The Loan Parties shall include these terms and conditions in all subcontracts or purchase orders directly servicing the Project.

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

2. STATUTORY AND REGULATORY COMPLIANCE

The Loan Parties shall comply with all laws and regulations applicable to the CDBG-DR 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 LOAN TERMS

The Lender reserves its right to all administrative, contractual, or legal remedies, including

but not limited to suspension or termination of the Loan Agreement, in instances where any of the Loan Parties violate or breach any term of the Loan Documents. If any of the Loan Parties violate or breach any term of any of the Loan Documents, they shall be subject to sanctions and penalties as may be appropriate. The duties and obligations imposed by the Loan Documents, and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law.

4. REPORTING REQUIREMENTS

The Loan Parties shall complete and submit all reports, in such form and according to such schedule, as may be required by the Lender and/or the Government of Puerto Rico. The Loan Parties shall cooperate with all the Lender 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. § 570.507, when applicable.

5. ACCESS TO RECORDS

The Government of Puerto Rico, the Lender, 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 Loan Parties which are related to the Project, 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 Agreement will be turned over to the Lender 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 Loan Parties 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 requirements permits, which

encourage participation by small and minority business, and women's business enterprises; and


- (v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

Additionally, for contracts of \$10,000 or more, the Loan Parties shall file Form HUD 2516 (Contract and Subcontract Activity) with the Lender 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 Loan Parties 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 Loan Parties 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 Loan Parties shall comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), as amended, and any applicable regulations. The Loan Parties agree 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 Loan Parties 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 Loan Parties represent and warrant that they and their 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 Loan Parties shall notify the Lender as soon as possible if this Contract or any aspect related to the anticipated work related to the Project 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 Loan Parties shall explain the actual or potential conflict in writing in sufficient detail so that the Lender is able to assess such actual or potential conflict. The Loan Parties shall provide the Lender any additional information necessary to fully assess and address such actual or potential conflict of interest. The Loan Parties shall accept any reasonable conflict mitigation strategy employed by the Lender, 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 Loan Parties 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 Loan Parties represents to the Lender 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 in connection with the Project.

The Loan Parties 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 Loan Parties shall not assign any interest in this Loan Agreement and shall not transfer any interest in the same (whether by assignment or novation) without prior written approval of the Lender.

17. INDEMNIFICATION

The Loan Parties shall indemnify, defend, and hold harmless the Government of Puerto Rico and the Lender, 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 Loan Parties in connection with the Loan Agreement and/or the Project.

18. COPELAND "ANTI-KICKBACK" ACT (Applicable to all construction or repair contracts)

Salaries of personnel performing work related to the Project shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the Copeland "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. § 874; and Title 40 U.S.C. § 276c). The Loan Parties shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under the Loan 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.

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 Loan Parties 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 the Loan Parties 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 Loan Parties 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 Loan Parties 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 the Loan Parties 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 Loan Parties shall submit Form HUD 4710 (Semi-Annual labor Standards Enforcement Report) to the Lender.

21. SECTION 503 OF THE REHABILITATION ACT OF 1973 (Applicable to contracts exceeding \$10,000)

The Loan Parties 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 Loan Parties 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 Loan Parties agree to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based on their physical or mental disability in all employment practices, including the following:
 - (i) Recruitment, advertising, and job application procedures;
 - (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
 - (iii) Rates of pay or any other form of compensation and changes in compensation;
 - (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
 - (v) Leaves of absence, sick leave, or any other leave;
 - (vi) Fringe benefits available by virtue of employment, whether or not

administered by the Loan Parties;

- (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 Loan Parties including social or recreational programs; and
 - (ix) Any other term, condition, or privilege of employment.
- 2) The Loan Parties agree 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 Loan Parties' 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 Loan Parties agree 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 Loan Parties' obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The Loan Parties must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Loan Parties 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 Loan Parties will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Loan Parties are bound by the terms of Section 503 of the Rehabilitation Act of 1973, as amended, and is committed to take affirmative action to employ and advance in employment individuals with physical or mental disabilities.
 - 6) The Loan Parties 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 Loan Parties 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.

22. EQUAL EMPLOYMENT OPPORTUNITY (Applicable to construction contracts and subcontracts exceeding \$10,000)

The Loan Parties 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 the Loan Agreement, the Loan Parties agree as follows:


- 1) The Loan Parties shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Loan Parties 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 Loan Parties 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 Loan Parties shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 3) The Loan Parties will, in all solicitations or advertisements for employees placed by or on behalf of the Loan Parties, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- 4) The Loan Parties will send to each labor union or representative of workers with which they have 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 Loan Parties' 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 Loan Parties will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- 6) The Loan Parties will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- 7) In the event of the Loan Parties' non-compliance with the non-discrimination clause of the Loan Agreement or with any of such rules, regulations or orders, the Loan Agreement may be cancelled, terminated or suspended in whole or

in part and the Loan Parties may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

- 8) The Loan Parties 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 Loan Parties will take such action with respect to any subcontract or purchase order as the Lender may direct as a means of enforcing such provisions including sanctions for non-compliance, provided, however, that in the event the Loan Parties become involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by the Lender, the Loan Parties may request the United States to enter into such litigation to protect the interests of the United States.



23. CERTIFICATION OF NONSEGREGATED FACILITIES (Applicable to construction contracts exceeding \$10,000)



The Loan Parties certify that they do not maintain or provide for their establishments, and that they do not permit employees to perform their services at any location, under their control, where segregated facilities are maintained. The Loan Parties certify further that they will not maintain or provide for employees any segregated facilities at any of their establishments, and they will not permit employees to perform their services at any location under their control where segregated facilities are maintained. The Loan Parties agree that a breach of this certification is a violation of the equal opportunity clause of the Loan Agreement.

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



The Loan Parties further agree that (except where they have obtained for specific time periods) they 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 they will retain such certifications in their files; and that they will forward the preceding notice to such proposed subcontractors (except where proposed subcontractors have submitted identical certifications for specific time periods).

24. CERTIFICATION OF COMPLIANCE WITH CLEAN AIR AND WATER ACTS (Applicable to contracts exceeding \$100,000)

CLEAN AIR ACT

- 1) The Loan Parties agree 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 Loan Parties agree to immediately notify any violation to the Lender and understand and agree that the Lender will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency (EPA) Regional Office, Area or Division.
- 3) The Loan Parties agree 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

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- 1) The Loan Parties agree 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.*
 - 2) The Loan Parties agree to immediately notify any violation to the Lender and understand and agree that the Lender will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate EPA Regional Office.
 - 3) The Loan Parties agree to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by HUD.

The Loan Parties 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 EPA with respect thereto, at 24 C.F.R. Part 58, as amended, 87 FR 60008, and 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 Loan Parties 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 5 CFR Part 919 Subpart E or on the List of Violating Facilities issued by the EPA.
- 2) Agreement by the Loan Parties 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 Loan, 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 Loan Parties that they 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 Loan Parties will take such action as the government may direct as a means of enforcing such provisions.

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

By the execution of the Loan Agreement, the Loan Parties certify, to the best of their knowledge and belief, that:

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- 1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Loan Parties, 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 Loan Parties shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities", in accordance with its instructions.
 - 3) The Loan Parties shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

26. BONDING REQUIREMENTS (Applicable to construction and facility improvement

contracts exceeding \$100,000)

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

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

- 1) The work to be performed under the Loan 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.
- 2) The parties to the Loan 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 the Loan Agreement the parties to the Loan Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the 24 C.F.R. Part 75 regulations.
- 3) The Loan Parties agree to send to each labor organization or representative of workers with which the Loan Parties have a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Loan Parties' 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 Loan Parties agree 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 Loan Parties will not subcontract with any subcontractor where the Loan Parties have notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 75.
- 5) The Loan Parties will certify that any vacant employment positions, including training positions, that are filled: (1) after the Loan Parties are 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 Loan Parties' 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 the Loan 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 the Loan 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 organizations and Indian-owned Economic Enterprises. Parties to the Loan 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 Loan Parties shall submit Form HUD 60002 (Section 3 Summary Report) to the Lender on a quarterly basis, notwithstanding the annual reporting requirement set forth in that form's instructions.

28. FAIR HOUSING ACT

The Loan Parties 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.

29. ENERGY POLICY AND CONSERVATION ACT

The Loan Parties 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.).


30. HATCH ACT

The Loan Parties agree 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 Lender's 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 Loan Parties 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.

31. 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.

32. PERSONNEL



The Loan Parties represent they have, or will secure at their own expense, all personnel required in performing the work for the Project. Such personnel shall not be employees of, or have any contractual relationship with, the contracting party. All the work and/or services required under the Loan Agreement and the construction documents will be performed by the Loan Parties 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.

33. WITHHOLDING OF WAGES

If in the performance of the Loan Agreement, there is any underpayment of wages by the Loan Parties or by any subcontractor thereunder, the Lender may withhold from the Loan Parties out of payment and/or disbursements due to them 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 Lender for and on account of the Loan

Parties or subcontractor to the respective employees to whom they are due.


34. 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 the Loan Agreement and the construction documents shall be promptly reported in writing by the Loan Parties to the Lender for the latter's decision, which shall be final with respect thereto.


35. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

No person employed on the work and/or services covered by the Loan Agreement and the construction documents 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.

36. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS



The Loan Parties agree 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 Loan Parties 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 Loan Parties will also be aware of and avoid any violation of the laws of this State which prescribe a criminal penalty for any public officer who has an interest in any contract passed by the board of which he or she is a member during the time he or she was a member and for one (1) year thereafter.

37. 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 the Loan Agreement or to any benefit to arise therefrom.

38. POLITICAL ACTIVITY

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

39. RELIGIOUS ACTIVITY

The Loan Parties agree to abstain from using any funds related to the Loan Agreement for inherently religious activities prohibited by 24 C.F.R. § 570.200(j), such as worship, religious instruction, or proselytization.

40. FLOOD DISASTER PROTECTION ACT OF 1973

The Loan Parties 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.

41. LEAD BASED PAINT

The Loan Parties 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.

42. VALUE ENGINEERING (Applicable to construction contracts exceeding \$2,000 when required by Federal program legislation)

The Loan Parties 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).

42. SUBROGATION AND ASSIGNMENT PROVISIONS (See EXHIBIT N of this Agreement)



**Insurance Requirements
Loan Agreement for Economic
Development Investment Portfolio
for Growth Program
Community Development Block Grant – Disaster
Recovery Puerto Rico Department of Housing
Contract Division**

**SPECIAL INSURANCE AND BONDING
SPECIFICATIONS FOR PROFESSIONAL
SERVICES**

A. The successful borrower before commencing work or receiving a written notice to proceed with, or being allowed to start to work, must submit to the ***Puerto Rico Department of Housing (*PRDOH)***, the hereafter mentioned insurance policies and/or bonds, thus including all endorsements and agreements required under the special contractual conditions as per the following:

1. (X) State Insurance Fund Workmen's Compensation Insurance Policy

In accordance with the Workmen's Compensation Act No. 45, to facilitate its acquisition, the ***PRDOH** shall provide a letter to the successful borrower addressed to the State Insurance Fund.

2. (X) Commercial General Liability (Broad Form) including the following insurance coverage

COVERAGE	LIMIT
I. Commercial General Liability:	
• Each Occurrence	\$2,000,000
• General Aggregate	\$2,000,000
• Products & Complete Operations	\$2,000,000
• Personal Injury & Advertising	\$2,000,000
• Fire Damage	\$100,000 (Any one Fire)
• Medical Expense	\$10,000 (Any one person)

II. Employer's Liability Stop Gap:	
<ul style="list-style-type: none"> Bodily Injury by Accident 	
Each Employee	\$1,000,000
Each Accident	\$1,000,000

COVERAGE	LIMIT
Bodily Injury by Disease Each Employee	\$1,000,000
Each Accident	\$1,000,000

3. (X) Commercial Automobile/Truck Liability Form including the following insurance coverages

LIMIT
<ul style="list-style-type: none"> Auto Liability - \$1,000,000 Physical Damages - \$1,000,000 Medical Payments - \$ 10,000
The Commercial Auto cover must be applied to the following symbols:
<ul style="list-style-type: none"> Liability Coverage -1 Physical Damages – 2 and 8 Hired – Borrowed Auto – 8 Non-Owned Auto Liability – 9

4. (X) Umbrella

Limit - \$10,000,000

5. (X) Directors and Officers

Limit - \$1,000,000

6. (X) Boiler & Machinery

Limit - \$50,000,000

7. (X) Property Insurance

Limit - \$50,000,000 and Mortgage Clause Endorsement must include PRDOH as Mortgagee.

8. The policies to be obtained must contain the following endorsements including as additional insured the ***Puerto Rico Department of Housing (*PRDOH), U.S. Department of Housing and Urban Development (HUD),*** and the ***Government of Puerto Rico.***

- (X) a. Breach of warranty
- (X) b. Waiver and / or Release of Subrogation
- (X) c. Additional Insured Clause
- (X) d. Hold Harmless Agreement
- (X) e. 30 Days Cancellation Clause
- (X) f. Mortgage Clause Endorsement

9. The insurance carrier or carriers, which will present said certificates of insurance, must have at least a B+ Rating according to the Best Rating Guide.

D. IMPORTANT NOTICE TO INSURANCE AND SURETY COMPANIES AND THEIR REPRESENTATIVES

All insurance companies and all guarantors who issue policies or bonds under our special contractual conditions are subject to:

1. Be authorized to do business within the Commonwealth of Puerto Rico and have the corresponding license issued by the Commissioner of Insurance.
2. To be enjoying a good economic situation and to be classified under the Category of B+ Rating according to the "Best Rating Guide".
3. Submit to the ****PRDOH*** a written certification as evidence of full payment of premiums by the Contractor. Mention each risk coverage premium separately.
4. Avoid sub-contractual obligations of premium financing or any other kind, which may be detrimental to the public interest.
5. Avoid any request for cancellation by the contractor prior to the expiration date of the policy, without the consent of the Contract Division of the ****PRDOH***: Discuss any refund of unearned premium.

6. Follow all Federal Bail and Acceptance Insurance Regulations, when applicable.
7. Indicate in the appropriate place of all insurance policies and/or bonds, the full description of the project, work or service to be rendered.
8. Not to make any amendments to insurance policies and bonds issued under the special conditions mentioned above, unless approved by the Insurance Section of the ***PRDOH**.
9. To ensure that all insurance policies or bonds are issued to comply with all of our special insurance conditions with respect to the period of coverage, type of risk coverage, as well as all limits, as specified, and also to eliminate those exclusions in accordance with our request.
10. Clarify any questions regarding insurance requirements by any means of communication with the Insurance Section of the ***PRDOH** under the Secretary for Legal Affairs.

E. EVIDENCE OF INSURANCE COVERAGE OF EACH SUBCONTRACTOR TO BE SUBMITTED BY THE SUCCESSFUL BORROWER AS THE PRIME CONTRACTOR:

The successful borrower, as the prime contractor, has the duty to require each of the subcontractors or subcontractors 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.

Therefore, we emphasize that prior to commencing work or receiving written notice to proceed with such work or being authorized to commence work, the successful prime contractor has the responsibility to provide the ***PRDOH** with evidence to the effect that all insurance and/or bonds required under the special conditions or required under the sub-contract to each of the sub-contractors or sub-sub-contractors are current and duly approved by the Contract Division of the ***PRDOH**.

All insurance policies shall remain in effect for the entire contractual period, so that with any order of change and/or amendment resulting in alteration of the original project completion date or total original cost, the prime contractor shall take the necessary steps to request the insurer to include such changes in all related insurance policies and/or bonds and to submit evidence by appropriate endorsements with effective dates.

Cancellations without consent are not accepted.

The ***PRDOH** reserves the right to stop any work or service under contract until the breach of these requirements has been remedied, so that any delay in the performance of the contract based on any breach of the insurance coverage requirements shall be deemed the sole responsibility of the Main Contractor.

F. CONFLICT OR DIFFERENCE BETWEEN THE SPECIFICATIONS OF THE TENDERINGPROCEDURE AND SPECIAL INSURANCE CONDITIONS AND BONDS

In the event of any conflict in the description of coverage or in the amounts or limits, etc., with respect to insurance requirements, the "*Special Conditions of Insurance and Bonds*" as set forth in this **Insurance Requirements** shall prevail over any other insurance specifications.

PRDOH reserves the right to modify any Insurance Requirements at any time, in accordance with the Program's needs.

(i) If any portion of the Mortgaged Property is at any time located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law (the "Flood Insurance Acts"), flood hazard insurance in an amount equal to the lesser of (a) the aggregate principal amount of the Notes and (b) the maximum limit of coverage available for the Mortgaged Property under the Flood Insurance Acts.

(ii) Such other insurance as may from time to time be reasonably required by the Lender or HUD in order to protect their interests.

LIST OF LOAN DOCUMENTS

Loan Agreement

Interim Note

Term Note

Continuous and Unlimited Guaranty for Individual Guarantors

Continuous and Unlimited Guaranty for Corporate Guarantor

Environmental Indemnity Agreement

Intercreditor Agreement

Deed of Mortgage

Mortgage Note

Deed of Leasehold Mortgage

Leasehold Mortgage Note

Security Agreement, Pledge and Assignment

Mortgage Note Pledge Agreement

Pledge and Security Agreement (Reserve Accounts)

Subordination Agreement

Assignment of Leases and Rents

Assignment of Hotel Management Agreement

Deposit Account Control Agreement

Contractor's Consent and Agreement – F&R Construction Group, Inc.

Contractor's Consent and Agreement – F&R Management Services, LLC

Architect's and Engineer's Consent, Agreement and Certificate

UCC-1 Financing Statements (General Security)

UCC-1 Financing Statement (Fixtures)

Opinion of Borrower's and Guarantor's Counsel

Requisition

Title Insurance Policy

Post-Closing Agreement

Estoppel Letters

A handwritten signature in black ink, consisting of a large, stylized letter 'P' followed by a vertical line and a small flourish.A handwritten signature in black ink, consisting of several overlapping, slanted vertical strokes.



DESCRIPTION OF THE PREMISES

"RÚSTICA: Barrio Las Cabezas de Fajardo, cabida de 17.8338 cuerdas, equivalentes a 70,094.1074 metros cuadrados. Linderos: Norte, varias alineaciones que suman 378.841 metros, con un camino municipal que conduce a la carretera estatal 987 a El Convento; Sur, en dos alineaciones que suman 412.56 metros, con terrenos de Noreste Corporation; Este, en 217.796 metros, con la carretera estatal 987 que conduce de Fajardo a Las Croabas; Oeste, en dos alineaciones que suman 203.576 metros, con un camino privado de Noreste Corporation y terrenos de Noreste Corporation."

The Premises are recorded in the Registry at page 50 of volume 58 of Fajardo, property number 1,940.

The Borrower acquired the Premises pursuant to Deed Number 24, executed in San Juan, Puerto Rico on July 17, 2019 before Notary Public Marta Ramírez Isern, recorded in the Registry at property number 1,940, Karibe entry number 29.

The Premises are subject to the following liens and encumbrances of record:

(a) By its origin, to:

(i) Free and clear of any liens or encumbrances of record;

(b) By itself, to:

(i) Perpetual easement over a strip of land with an area of 4.2150 cuerdas, in favor of the Commonwealth of Puerto Rico, pursuant to Resolution dated December 6, 1974, issued by the Puerto Rico Superior Court, Section of Eminent Domain under the civil case number E-74-1170, recorded at page 7 of volume 166 of Fajardo, property 1,940, 15th inscription.



PROJECT COST STATEMENT

[ATTACHED]

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ROYALE BLUE HOSPITALITY, LLC

IPG LOAN

ITEM NO	DESCRIPTION	TOTAL AMOUNT
HARD COST		
1.00	Construction Costs	\$26,377,000.00
1.10	FF&E(Furniture, Fixtures & Equipment)	\$17,955,393.65
1.20	OS&E(Operating Supplies & Equipment)	\$3,450,906.35
1.30	Contingencies	\$500,000.00
Subtotal Hard Costs		\$48,283,300.00

SOFT COSTS		
2.00	Closing Costs	\$250,000.00
2.10	DESIGN FEES	\$451,034.00
2.30	Construction Management	\$965,666.00
2.40	Contingencies	\$50,000.00
Subtotal Soft Costs		\$1,716,700.00

TOTALS \$50,000,000.00



Summary Sources & Uses of Funds - At Completion

Permanent Sources			Total	% of Total
Sponsor Equity:	Cash	\$ 20,541,087		
	In-Kind Contributed Land Value	\$ 27,000,000		
	Loans from Affiliates	\$ 27,804,653	\$ 75,345,740	29%
IPG Loan			\$ 50,000,000	19%
Loan from Hotel Development Company			\$ 5,000,000	2%
Tourism Tax Credit Equity			\$ 75,538,870	29%
Perm Loan - TBD (Placed upon completion)			\$ 57,697,207	22%
Total Sources			\$ 263,581,817	100%
Development Costs			Total	% of Total
Site Acquisition			\$ 59,000,000	22%
Hotel Refurbishment & Construction			\$ 88,972,000	34%
Major Equipment			\$ 4,301,260	2%
Site Improvements			\$ -	0%
Hard Cost Contingency			\$ 5,590,870	2%
Guestroom & Public Areas - FF&E and OS&E			\$ 46,498,500	18%
Architect / Engineering			\$ 5,913,623	2%
Permits			\$ 748,850	0%
Administrative / Professional / Consultants			\$ 824,200	0%
Insurance			\$ 2,626,461	1%
Reserves			\$ 5,000,000	2%
Construction Management			\$ 2,745,435	1%
Developer Fee			\$ 4,679,072	2%
Financing Fees / Title / Interest			\$ 12,420,291	5%
Operating Negative Cash Flow prior to Stabilization			\$ 23,886,921	9%
Soft Cost Contingency			\$ 374,334	0%
Total Uses			\$ 263,581,817	100%



GOVERNMENT OF PUERTO RICO
DEPARTMENT OF HOUSING

EXHIBIT H

FORM OF REQUISITION

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- Contractor Type**
- Entity
 - Subrecipient
 - Contractor

Contractor Name:		Sector:	Economic Development
[Name]		Program/Area:	Economic Development Investment Portfolio for Growth
		Contract No.:	[Number]
Contractor Address:		Invoice No.:	[Number]
[Address]		Invoice Date:	[Date]
		Invoice Amount.:	\$ -
Project:	[Description]		

Checklist

Contractor		Description
Yes	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	Invoice Checklist
<input type="checkbox"/>	<input type="checkbox"/>	Invoice
<input type="checkbox"/>	<input type="checkbox"/>	Activity Detail / Canopy Reports (if applicable)
<input type="checkbox"/>	<input type="checkbox"/>	Evidence of Payment or Certifications
<input type="checkbox"/>	<input type="checkbox"/>	Supporting documents of the work performed
<input type="checkbox"/>	<input type="checkbox"/>	Monthly Report
<input type="checkbox"/>	<input type="checkbox"/>	Procurement Procedure Compliance Self-Certification

Important Notice: Our entity has acknowledge the recordkeeping policies and the contractual clause and we hereby certify that we maintain in our archives all the original documents that have been submitted as part of this invoice. All documents are available for future monitoring, audits or other process performed by any entity.

Submitted by Contractor's Authorized Representative:

[Authorize Representative's Job Title]	[Authorize Representative's - Print]	[Authorize Representative's Signature]	[Date of Signature]
_____	_____	_____	_____
Position	Print Name	Signature	Date



GOVERNMENT OF PUERTO RICO
Department of Housing

LOANS
Economic Development
Economic Development Investment Portfolio for Growth

Entity: [Entity Name] | Contract #: [Contract Number] | Invoice #: [Invoice Number]
Invoice Period: [Start Date] to [End Date]

Draw Number	Application ID	Project Name	Period ending	Total Project Budget	CDBG-DR Loan Approved Amount	CDBG-DR Previous Disbursed Amount	CDBG-DR Draw Down Amount	CDBG-DR Loan Balance
1				\$ -	\$ -	\$ -	\$ -	\$ -
2				-	-	-	-	-
3				-	-	-	-	-
4				-	-	-	-	-
5				-	-	-	-	-
6				-	-	-	-	-
7				-	-	-	-	-
8				-	-	-	-	-
9				-	-	-	-	-
10				-	-	-	-	-
11				-	-	-	-	-
12				-	-	-	-	-
13				-	-	-	-	-
14				-	-	-	-	-
15				-	-	-	-	-
16				-	-	-	-	-
17				-	-	-	-	-
18				-	-	-	-	-
19				-	-	-	-	-
20				-	-	-	-	-
21				-	-	-	-	-
22				-	-	-	-	-
23				-	-	-	-	-
24				-	-	-	-	-
25				-	-	-	-	-
26				-	-	-	-	-
27				-	-	-	-	-
28				-	-	-	-	-
						Total to Date:	\$ -	

Certified By:

[Partner Authorized Representative Name]

Date



GOVERNMENT OF PUERTO RICO
Department of Housing

ACTIVITY DETAIL
CDBG-DR
C.13

DEVELOPERS INVOICES
Economic Development
Economic Development Investment Portfolio for Growth

Entity: [Entity Name] | Contract #: [Contract Number] | Invoice #: [Invoice Number]
Invoice Period: [Start Date] to [End Date]

Line Item	Application ID	Project	Vendor	Invoice number	Invoice Total	CDBG-DR Invoice amount
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
				Total:	\$ -	\$ -

The undersigned hereby certify:

(1) That all work related to this Activity Detail set forth above has progressed to the point where the task being invoiced merits payment from the PRDOH in accordance with contract terms and conditions; (2) That all supporting documentation related to the tasks herein have been uploaded to the Program's System of Record and is available for review by the PRDOH or its designees, where applies; (3) That no previous invoice submitted to the PRDOH has included a request for payment for the tasks herein invoiced; (4) The cost included are eligible for CDBG-DR funds, comply with Program requirements and HUD's eligibility.

Certified By:

[Partner Authorized Representative Signature]
[Partner Authorized Representative Name]

Date



INTERIM NOTE

VALUE: \$ _____

DUE: On Demand

FOR VALUE RECEIVED, the undersigned (hereinafter, the "Obligor") promises to pay to the order of **PUERTO RICO DEPARTMENT OF HOUSING** (hereinafter, the "Lender"), or to its order, at its principal offices located in San Juan, Puerto Rico, the principal sum of _____ **DOLLARS (\$ _____)**, in the manner and at the dates prescribed in the *Community Development Block Grant – Disaster Recovery (CDBG-DR) Loan Agreement For Economic Development Investment Portfolio For Growth Program* dated as of the date hereof, between the Obligor and the Lender (as the same may be amended, supplemented or otherwise modified from time to time, the "Loan Agreement"). All capitalized terms used, but not otherwise defined, herein shall have the meanings assigned to such terms in the Loan Agreement.

The principal hereof is payable in lawful money of the United States of America and in immediately available funds at the principal office of the Lender, or at such other place as the holder of this Interim Note may specify in writing.

The Lender shall, and is hereby authorized by the Obligor to, note on a schedule (or continuation thereof), or on any similar record maintained by the Lender, the Advances and all repayments with respect to the Interim Loan. Such schedule (or continuation thereof), or similar records as maintained by the Lender, shall, absent manifest error, constitute *prima facie* evidence of the outstanding amount of the Advances hereunder and of the accuracy of all of the information therein recorded. The failure to record, or any error in recording, shall not, however, affect the obligation of the Obligor to repay the principal amount of the Advances together with any other payment payable by the Obligor to the Lender hereunder.

The Obligor hereby waives presentment, demand, notice, protest and all other demands and notices, to the extent permitted by law, in connection with the delivery, acceptance, performance, default or enforcement of this Interim Note or of any Collateral and assets, to any extension or postponement of the time of payment or any other indulgence under this Interim Note or with respect to any Collateral, to any substitution, exchange or release of any Collateral and/or to the addition or release of any Collateral and/or to the addition or release of any other party or Person liable hereunder.

In the event that any action, suit or other proceeding is brought by the holder hereof to collect this Interim Note (including any bankruptcy court), the Obligor shall pay on demand all court costs and reasonable expenses of collection including, but not limited to, reasonable attorneys' fees and disbursements, up to ten percent (10.00%) of

the principal balance hereof for the actual aggregate cost of the disbursements, expenses and reasonable attorneys' fees which may be incurred by the holder hereof, which amount shall immediately become liquid, due and payable upon the filing of the petition or complaint.

This Interim Note is executed and delivered to the Lender pursuant to the Loan Agreement and is subject to the provisions of the Loan Agreement and of the other Loan Documents. The Loan Agreement, among other things, provides for acceleration of the maturity hereof upon the occurrence of certain stated events, which shall cause the unpaid principal amount of this Interim Note to immediately become due and payable.

This Interim Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Puerto Rico.

This Interim Note may be modified only by writing duly executed by the holder hereof and the Obligor.

In San Juan, Puerto Rico, this ____ day of _____, 2022.

[BORROWER]

By: _____
Name: _____
Title: Authorized Representative

Affidavit Number: _____

Acknowledged and subscribed before me by **[BORROWER]**, herein represented by its Authorized Representative, _____, of legal age, _____, executive and resident of _____, Puerto Rico, who is personally known to me. In San Juan, Puerto Rico, on this ___ day of _____, 2022.

NOTARY PUBLIC

SCHEDULE OF THE INTERIM NOTE

This Note evidences the Loan Advances made under the within described Loan Agreement to the Borrower, on the date, in the principal amount and bearing interest at the rates set forth below, subject to the payments and prepayments of principal set forth below:

<u>Date of Loan Advance</u>	<u>Amount of Loan Advance</u>	<u>Interest Rate</u>	<u>Amount Paid or Prepaid</u>	<u>Notation Made By</u>
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AMORTIZATION TABLE

[ATTACHED]

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Conquistador - Amortization Table

Principal 50,000,000.00
 Interest 2%
 Term 30 Years
 Interest only: 2 Years

Payment \$184,809.74 2,217,716.84 (MO/Year)

Months	Principal	Interest	Balance
24	0	2,000,000.00	50,000,000.00
25	101,476.40	83,333.33	49,898,523.60
26	101,645.53	83,164.21	49,796,878.07
27	101,814.94	82,994.80	49,695,063.13
28	101,984.63	82,825.11	49,593,078.50
29	102,154.61	82,655.13	49,490,923.89
30	102,324.86	82,484.87	49,388,599.03
31	102,495.40	82,314.33	49,286,103.62
32	102,666.23	82,143.51	49,183,437.39
33	102,837.34	81,972.40	49,080,600.05
34	103,008.74	81,801.00	48,977,591.32
35	103,180.42	81,629.32	48,874,410.90
36	103,352.38	81,457.35	48,771,058.51
37	103,524.64	81,285.10	48,667,533.87
38	103,697.18	81,112.56	48,563,836.69
39	103,870.01	80,939.73	48,459,966.69
40	104,043.13	80,766.61	48,355,923.56
41	104,216.53	80,593.21	48,251,707.03
42	104,390.22	80,419.51	48,147,316.81
43	104,564.21	80,245.53	48,042,752.60
44	104,738.48	80,071.25	47,938,014.12
45	104,913.05	79,896.69	47,833,101.07
46	105,087.90	79,721.84	47,728,013.17
47	105,263.05	79,546.69	47,622,750.12
48	105,438.49	79,371.25	47,517,311.63
49	105,614.22	79,195.52	47,411,697.42
50	105,790.24	79,019.50	47,305,907.18
51	105,966.56	78,843.18	47,199,940.62
52	106,143.17	78,666.57	47,093,797.45
53	106,320.07	78,489.66	46,987,477.38
54	106,497.27	78,312.46	46,880,980.10
55	106,674.77	78,134.97	46,774,305.33
56	106,852.56	77,957.18	46,667,452.77
57	107,030.65	77,779.09	46,560,422.12
58	107,209.03	77,600.70	46,453,213.09
59	107,387.71	77,422.02	46,345,825.38
60	107,566.69	77,243.04	46,238,258.68
61	107,745.97	77,063.76	46,130,512.71
62	107,925.55	76,884.19	46,022,587.16
63	108,105.42	76,704.31	45,914,481.74
64	108,285.60	76,524.14	45,806,196.14
65	108,466.08	76,343.66	45,697,730.06
66	108,646.85	76,162.88	45,589,083.21
67	108,827.93	75,981.81	45,480,255.28
68	109,009.31	75,800.43	45,371,245.97
69	109,190.99	75,618.74	45,262,054.97
70	109,372.98	75,436.76	45,152,681.99
71	109,555.27	75,254.47	45,043,126.73
72	109,737.86	75,071.88	44,933,388.87
73	109,920.75	74,888.98	44,823,468.12
74	110,103.96	74,705.78	44,713,364.16
75	110,287.46	74,522.27	44,603,076.70
76	110,471.28	74,338.46	44,492,605.42
77	110,655.39	74,154.34	44,381,950.03
78	110,839.82	73,969.92	44,271,110.21
79	111,024.55	73,785.18	44,160,085.65
80	111,209.59	73,600.14	44,048,876.06
81	111,394.94	73,414.79	43,937,481.12
82	111,580.60	73,229.14	43,825,900.52
83	111,766.57	73,043.17	43,714,133.95
84	111,952.85	72,856.89	43,602,181.10
85	112,139.43	72,670.30	43,490,041.67
86	112,326.33	72,483.40	43,377,715.33
87	112,513.54	72,296.19	43,265,201.79
88	112,701.07	72,108.67	43,152,500.72

Conquistador - Amortization Table

89	112,888.90	71,920.83	43,039,611.82
90	113,077.05	71,732.69	42,926,534.77
91	113,265.51	71,544.22	42,813,269.26
92	113,454.29	71,355.45	42,699,814.97
93	113,643.38	71,166.36	42,586,171.59
94	113,832.78	70,976.95	42,472,338.81
95	114,022.50	70,787.23	42,358,316.31
96	114,212.54	70,597.19	42,244,103.76
97	114,402.90	70,406.84	42,129,700.87
98	114,593.57	70,216.17	42,015,107.30
99	114,784.56	70,025.18	41,900,322.74
100	114,975.87	69,833.87	41,785,346.88
101	115,167.49	69,642.24	41,670,179.38
102	115,359.44	69,450.30	41,554,819.95
103	115,551.70	69,258.03	41,439,268.24
104	115,744.29	69,065.45	41,323,523.95
105	115,937.20	68,872.54	41,207,586.76
106	116,130.43	68,679.31	41,091,456.33
107	116,323.98	68,485.76	40,975,132.36
108	116,517.85	68,291.89	40,858,614.51
109	116,712.05	68,097.69	40,741,902.46
110	116,906.57	67,903.17	40,624,995.90
111	117,101.41	67,708.33	40,507,894.49
112	117,296.58	67,513.16	40,390,597.91
113	117,492.07	67,317.66	40,273,105.83
114	117,687.89	67,121.84	40,155,417.94
115	117,884.04	66,925.70	40,037,533.90
116	118,080.51	66,729.22	39,919,453.39
117	118,277.31	66,532.42	39,801,176.07
118	118,474.44	66,335.29	39,682,701.63
119	118,671.90	66,137.84	39,564,029.73
120	118,869.69	65,940.05	39,445,160.04
121	119,067.80	65,741.93	39,326,092.24
122	119,266.25	65,543.49	39,206,825.99
123	119,465.03	65,344.71	39,087,360.97
124	119,664.13	65,145.60	38,967,696.83
125	119,863.57	64,946.16	38,847,833.26
126	120,063.35	64,746.39	38,727,769.91
127	120,263.45	64,546.28	38,607,506.46
128	120,463.89	64,345.84	38,487,042.56
129	120,664.67	64,145.07	38,366,377.90
130	120,865.77	63,943.96	38,245,512.12
131	121,067.22	63,742.52	38,124,444.91
132	121,268.99	63,540.74	38,003,175.91
133	121,471.11	63,338.63	37,881,704.80
134	121,673.56	63,136.17	37,760,031.24
135	121,876.35	62,933.39	37,638,154.89
136	122,079.48	62,730.26	37,516,075.41
137	122,282.94	62,526.79	37,393,792.47
138	122,486.75	62,322.99	37,271,305.72
139	122,690.89	62,118.84	37,148,614.83
140	122,895.38	61,914.36	37,025,719.45
141	123,100.20	61,709.53	36,902,619.24
142	123,305.37	61,504.37	36,779,313.87
143	123,510.88	61,298.86	36,655,802.99
144	123,716.73	61,093.00	36,532,086.26
145	123,922.93	60,886.81	36,408,163.34
146	124,129.46	60,680.27	36,284,033.87
147	124,336.35	60,473.39	36,159,697.53
148	124,543.57	60,266.16	36,035,153.95
149	124,751.15	60,058.59	35,910,402.81
150	124,959.07	59,850.67	35,785,443.74
151	125,167.33	59,642.41	35,660,276.41
152	125,375.94	59,433.79	35,534,900.47
153	125,584.90	59,224.83	35,409,315.57
154	125,794.21	59,015.53	35,283,521.36
155	126,003.87	58,805.87	35,157,517.49
156	126,213.87	58,595.86	35,031,303.61
157	126,424.23	58,385.51	34,904,879.38
158	126,634.94	58,174.80	34,778,244.45
159	126,846.00	57,963.74	34,651,398.45
160	127,057.41	57,752.33	34,524,341.05
161	127,269.17	57,540.57	34,397,071.88
162	127,481.28	57,328.45	34,269,590.59

Conquistador - Amortization Table

163	127,693.75	57,115.98	34,141,896.84
164	127,906.57	56,903.16	34,013,990.27
165	128,119.75	56,689.98	33,885,870.51
166	128,333.29	56,476.45	33,757,537.23
167	128,547.17	56,262.56	33,628,990.05
168	128,761.42	56,048.32	33,500,228.64
169	128,976.02	55,833.71	33,371,252.61
170	129,190.98	55,618.75	33,242,061.63
171	129,406.30	55,403.44	33,112,655.33
172	129,621.98	55,187.76	32,983,033.35
173	129,838.01	54,971.72	32,853,195.34
174	130,054.41	54,755.33	32,723,140.93
175	130,271.17	54,538.57	32,592,869.76
176	130,488.29	54,321.45	32,462,381.47
177	130,705.77	54,103.97	32,331,675.71
178	130,923.61	53,886.13	32,200,752.10
179	131,141.82	53,667.92	32,069,610.28
180	131,360.39	53,449.35	31,938,249.89
181	131,579.32	53,230.42	31,806,670.57
182	131,798.62	53,011.12	31,674,871.96
183	132,018.28	52,791.45	31,542,853.67
184	132,238.31	52,571.42	31,410,615.36
185	132,458.71	52,351.03	31,278,156.65
186	132,679.48	52,130.26	31,145,477.17
187	132,900.61	51,909.13	31,012,576.57
188	133,122.11	51,687.63	30,879,454.46
189	133,343.98	51,465.76	30,746,110.48
190	133,566.22	51,243.52	30,612,544.26
191	133,788.83	51,020.91	30,478,755.43
192	134,011.81	50,797.93	30,344,743.62
193	134,235.16	50,574.57	30,210,508.46
194	134,458.89	50,350.85	30,076,049.57
195	134,682.99	50,126.75	29,941,366.58
196	134,907.46	49,902.28	29,806,459.12
197	135,132.30	49,677.43	29,671,326.82
198	135,357.52	49,452.21	29,535,969.29
199	135,583.12	49,226.62	29,400,386.17
200	135,809.09	49,000.64	29,264,577.08
201	136,035.44	48,774.30	29,128,541.64
202	136,262.17	48,547.57	28,992,279.47
203	136,489.27	48,320.47	28,855,790.20
204	136,716.75	48,092.98	28,719,073.45
205	136,944.61	47,865.12	28,582,128.83
206	137,172.85	47,636.88	28,444,955.98
207	137,401.48	47,408.26	28,307,554.50
208	137,630.48	47,179.26	28,169,924.02
209	137,859.86	46,949.87	28,032,064.16
210	138,089.63	46,720.11	27,893,974.53
211	138,319.78	46,489.96	27,755,654.75
212	138,550.31	46,259.42	27,617,104.44
213	138,781.23	46,028.51	27,478,323.21
214	139,012.53	45,797.21	27,339,310.68
215	139,244.22	45,565.52	27,200,066.46
216	139,476.29	45,333.44	27,060,590.17
217	139,708.75	45,100.98	26,920,881.42
218	139,941.60	44,868.14	26,780,939.81
219	140,174.84	44,634.90	26,640,764.98
220	140,408.46	44,401.27	26,500,356.52
221	140,642.48	44,167.26	26,359,714.04
222	140,876.88	43,932.86	26,218,837.16
223	141,111.67	43,698.06	26,077,725.49
224	141,346.86	43,462.88	25,936,378.63
225	141,582.44	43,227.30	25,794,796.19
226	141,818.41	42,991.33	25,652,977.78
227	142,054.77	42,754.96	25,510,923.01
228	142,291.53	42,518.21	25,368,631.47
229	142,528.68	42,281.05	25,226,102.79
230	142,766.23	42,043.50	25,083,336.56
231	143,004.18	41,805.56	24,940,332.38
232	143,242.52	41,567.22	24,797,089.87
233	143,481.25	41,328.48	24,653,608.61
234	143,720.39	41,089.35	24,509,888.23
235	143,959.92	40,849.81	24,365,928.30
236	144,199.86	40,609.88	24,221,728.45

Conquistador - Amortization Table

237	144,440.19	40,369.55	24,077,288.26
238	144,680.92	40,128.81	23,932,607.34
239	144,922.06	39,887.68	23,787,685.28
240	145,163.59	39,646.14	23,642,521.68
241	145,405.53	39,404.20	23,497,116.15
242	145,647.88	39,161.86	23,351,468.27
243	145,890.62	38,919.11	23,205,577.65
244	146,133.77	38,675.96	23,059,443.88
245	146,377.33	38,432.41	22,913,066.55
246	146,621.29	38,188.44	22,766,445.26
247	146,865.66	37,944.08	22,619,579.60
248	147,110.44	37,699.30	22,472,469.16
249	147,355.62	37,454.12	22,325,113.54
250	147,601.21	37,208.52	22,177,512.32
251	147,847.22	36,962.52	22,029,665.11
252	148,093.63	36,716.11	21,881,571.48
253	148,340.45	36,469.29	21,733,231.03
254	148,587.68	36,222.05	21,584,643.34
255	148,835.33	35,974.41	21,435,808.01
256	149,083.39	35,726.35	21,286,724.62
257	149,331.86	35,477.87	21,137,392.76
258	149,580.75	35,228.99	20,987,812.01
259	149,830.05	34,979.69	20,837,981.96
260	150,079.77	34,729.97	20,687,902.20
261	150,329.90	34,479.84	20,537,572.30
262	150,580.45	34,229.29	20,386,991.85
263	150,831.42	33,978.32	20,236,160.43
264	151,082.80	33,726.93	20,085,077.63
265	151,334.61	33,475.13	19,933,743.02
266	151,586.83	33,222.91	19,782,156.19
267	151,839.48	32,970.26	19,630,316.72
268	152,092.54	32,717.19	19,478,224.17
269	152,346.03	32,463.71	19,325,878.14
270	152,599.94	32,209.80	19,173,278.21
271	152,854.27	31,955.46	19,020,423.93
272	153,109.03	31,700.71	18,867,314.90
273	153,364.21	31,445.52	18,713,950.69
274	153,619.82	31,189.92	18,560,330.87
275	153,875.85	30,933.88	18,406,455.02
276	154,132.31	30,677.43	18,252,322.71
277	154,389.20	30,420.54	18,097,933.51
278	154,646.51	30,163.22	17,943,287.00
279	154,904.26	29,905.48	17,788,382.74
280	155,162.43	29,647.30	17,633,220.31
281	155,421.04	29,388.70	17,477,799.27
282	155,680.07	29,129.67	17,322,119.20
283	155,939.54	28,870.20	17,166,179.66
284	156,199.44	28,610.30	17,009,980.23
285	156,459.77	28,349.97	16,853,520.46
286	156,720.54	28,089.20	16,696,799.92
287	156,981.74	27,828.00	16,539,818.19
288	157,243.37	27,566.36	16,382,574.81
289	157,505.44	27,304.29	16,225,069.37
290	157,767.95	27,041.78	16,067,301.41
291	158,030.90	26,778.84	15,909,270.51
292	158,294.29	26,515.45	15,750,976.23
293	158,558.11	26,251.63	15,592,418.12
294	158,822.37	25,987.36	15,433,595.75
295	159,087.08	25,722.66	15,274,508.67
296	159,352.22	25,457.51	15,115,156.45
297	159,617.81	25,191.93	14,955,538.64
298	159,883.84	24,925.90	14,795,654.80
299	160,150.31	24,659.42	14,635,504.49
300	160,417.23	24,392.51	14,475,087.26
301	160,684.59	24,125.15	14,314,402.67
302	160,952.40	23,857.34	14,153,450.27
303	161,220.65	23,589.08	13,992,229.62
304	161,489.35	23,320.38	13,830,740.26
305	161,758.50	23,051.23	13,668,981.76
306	162,028.10	22,781.64	13,506,953.66
307	162,298.15	22,511.59	13,344,655.51
308	162,568.64	22,241.09	13,182,086.87
309	162,839.59	21,970.14	13,019,247.28
310	163,110.99	21,698.75	12,856,136.29

Conquistador - Amortization Table

311	163,382.84	21,426.89	12,692,753.44
312	163,655.15	21,154.59	12,529,098.30
313	163,927.91	20,881.83	12,365,170.39
314	164,201.12	20,608.62	12,200,969.27
315	164,474.79	20,334.95	12,036,494.48
316	164,748.91	20,060.82	11,871,745.57
317	165,023.49	19,786.24	11,706,722.08
318	165,298.53	19,511.20	11,541,423.55
319	165,574.03	19,235.71	11,375,849.52
320	165,849.99	18,959.75	11,209,999.53
321	166,126.40	18,683.33	11,043,873.12
322	166,403.28	18,406.46	10,877,469.84
323	166,680.62	18,129.12	10,710,789.22
324	166,958.42	17,851.32	10,543,830.80
325	167,236.69	17,573.05	10,376,594.12
326	167,515.41	17,294.32	10,209,078.70
327	167,794.61	17,015.13	10,041,284.10
328	168,074.26	16,735.47	9,873,209.84
329	168,354.39	16,455.35	9,704,855.45
330	168,634.98	16,174.76	9,536,220.47
331	168,916.04	15,893.70	9,367,304.44
332	169,197.56	15,612.17	9,198,106.87
333	169,479.56	15,330.18	9,028,627.32
334	169,762.02	15,047.71	8,858,865.29
335	170,044.96	14,764.78	8,688,820.33
336	170,328.37	14,481.37	8,518,491.96
337	170,612.25	14,197.49	8,347,879.71
338	170,896.60	13,913.13	8,176,983.11
339	171,181.43	13,628.31	8,005,801.68
340	171,466.73	13,343.00	7,834,334.94
341	171,752.51	13,057.22	7,662,582.43
342	172,038.77	12,770.97	7,490,543.67
343	172,325.50	12,484.24	7,318,218.17
344	172,612.71	12,197.03	7,145,605.46
345	172,900.39	11,909.34	6,972,705.07
346	173,188.56	11,621.18	6,799,516.51
347	173,477.21	11,332.53	6,626,039.30
348	173,766.34	11,043.40	6,452,272.96
349	174,055.95	10,753.79	6,278,217.01
350	174,346.04	10,463.70	6,103,870.97
351	174,636.62	10,173.12	5,929,234.36
352	174,927.68	9,882.06	5,754,306.68
353	175,219.23	9,590.51	5,579,087.45
354	175,511.26	9,298.48	5,403,576.19
355	175,803.78	9,005.96	5,227,772.42
356	176,096.78	8,712.95	5,051,675.64
357	176,390.28	8,419.46	4,875,285.36
358	176,684.26	8,125.48	4,698,601.10
359	176,978.73	7,831.00	4,521,622.36
360	177,273.70	7,536.04	4,344,348.66
361	177,569.16	7,240.58	4,166,779.51
362	177,865.10	6,944.63	3,988,914.41
363	178,161.55	6,648.19	3,810,752.86
364	178,458.48	6,351.25	3,632,294.38
365	178,755.91	6,053.82	3,453,538.47
366	179,053.84	5,755.90	3,274,484.63
367	179,352.26	5,457.47	3,095,132.36
368	179,651.18	5,158.55	2,915,481.18
369	179,950.60	4,859.14	2,735,530.58
370	180,250.52	4,559.22	2,555,280.06
371	180,550.94	4,258.80	2,374,729.13
372	180,851.85	3,957.88	2,193,877.27
373	181,153.27	3,656.46	2,012,724.00
374	181,455.20	3,354.54	1,831,268.80
375	181,757.62	3,052.11	1,649,511.18
376	182,060.55	2,749.19	1,467,450.63
377	182,363.99	2,445.75	1,285,086.64
378	182,667.93	2,141.81	1,102,418.72
379	182,972.37	1,837.36	919,446.35
380	183,277.33	1,532.41	736,169.02
381	183,582.79	1,226.95	552,586.23
382	183,888.76	920.98	368,697.47
383	184,195.24	614.50	184,502.23
384	184,502.23	307.50	(0.00)



**FORM OF TERM NOTE
PROMISSORY NOTE**

\$_____ .00

Date of Issuance: , 2000

FOR VALUE RECEIVED, _____, a _____ organized, existing and in good standing under the laws of the Commonwealth of Puerto Rico, (the "Borrower"), hereby promises to pay to **PUERTO RICO DEPARTMENT OF HOUSING** (the "Lender") at [ADD ADDRESS], the principal sum of _____ **DOLLARS (\$_____)** or such lesser amount as shall equal the aggregate unpaid principal amount of the Loan Advances made by the Lender to the Borrower pursuant to the Loan Agreement, as hereinafter defined, in lawful money of the United States of America and in immediately available funds, on the dates and in the principal amounts provided in the Loan Agreement, and to pay interest on the unpaid principal amount outstanding hereunder , at such offices, in like money and funds, for the period commencing on the date hereof, until such Loan shall be paid in full, at the rate per annum and on the dates provided in the Loan Agreement.

This Note is the Term Note referred to in the *Community Development Block Grant – Disaster Recovery (CDBG-DR) Loan Agreement For Economic Development Investment Portfolio For Growth Program* dated as of the __ day of _____, 202_ (as modified and supplemented and in effect from time to time, the "Loan Agreement") between the Borrower and the Lender and evidences the Term Loan made by the Lender thereunder. Terms used but not defined in this Note have the respective meanings assigned to them in the Loan Agreement.

The Loan Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for optional prepayments of the Term Loan upon the terms and conditions specified therein.

THIS NOTE SHALL BE DEEMED TO BE A CONTRACT ENTERED INTO PURSUANT TO THE LAWS OF THE COMMONWEALTH OF PUERTO RICO AND SHALL, IN ALL RESPECTS BE GOVERNED, CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PUERTO RICO.

IN WITNESS WHEREOF, the Borrower executes this Note on the Date of Issuance first above written.

By: _____
Name:
Title:

Affidavit No. _____

Acknowledged and subscribed before me by _____, of legal age, [married/single], [profession] and resident of _____, Puerto Rico, as _____ of _____, to me personally know.

In San Juan, Puerto Rico, this __ day of _____ 2022.



Notary Public



LOAN FORGIVENESS REQUIREMENTS

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

CRITERIA	DESCRIPTION	FORGIVENESS AWARDED
1) Benefits Low-to-Moderate Income Persons	The project successfully meets HUD's National Objective of benefitting low-to-moderate income persons, either by LMI Area Benefit, LMI Job Creation, or LMI Limited Clientele.	If yes, twenty percent (20%) of award amount is forgiven.
2) More than 10% Local Funding Participation	For every additional twenty-two-point five percent (22.5%) in local funding participation over the minimum of ten percent (10%) required (10% to 32.5%, 32.5% to 55%, 55% to 77.5%, 77.5% to 100%), an additional five percent (5%) will be forgiven incrementally.	If yes, five percent (5%) of the awarded amount is forgiven for every increment met, with a max of twenty percent (20%).
3) Excess of Minimum Job Creation Benefit	The minimum threshold of job creation is one FTE job for every one hundred thousand dollars (\$100,000) of CDBG-DR funds awarded. For every additional FTE job created above that minimum amount, twenty-five thousand dollars (\$25,000) of the award amount will be forgiven.	An amount of twenty-five thousand dollars (\$25,000) is forgiven for every new FTE job created above the minimum required per the loan agreement.
4) Local Suppliers Benefit	If Project was supplied with locally manufactured goods and suppliers, an additional loan amount can be forgiven. If seventy-five percent (75%) of materials/suppliers were manufactured locally, an additional five percent (5%) can be forgiven. Materials must be manufactured in Puerto Rico and suppliers be fifty-one percent plus (+51%) locally owned.	Five (5%) of the loan amount can be forgiven if seventy-five percent (75%) of materials and suppliers are local.

[Handwritten signatures and scribbles on the left margin]

**Forgiveness equals the total from items one (1) through four
(4). The maximum loan forgiveness is capped at fifty percent
(50%) of the original award amount.**

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

1. As to the criteria for Benefits Low-to-Moderate Income Persons: Calculated no later than thirty (30) Business Days after the date in which the Borrower completes the National Objective set forth in this Loan Agreement, which shall be no later than September 30, 2024.
2. As to the criteria for More than 10% Local Funding Participation: Calculated no later than thirty (30) Business Days after the execution of this Loan Agreement.
3. As to the criteria for Excess of Minimum Job Creation Benefits: Calculated no later than thirty (30) Business Days after September 30, 2024.
4. As to the criteria for Local Suppliers Benefit: Calculated no later than thirty (30) days after the Conversion Date.

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

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

- (a) A written commitment that at least 51 percent (51%) of the jobs created, measured on a FTE basis, will be held by LMI persons;
 - (b) A listing, by job title, and total count measured on an FTE, 40 hrs/week basis, of the permanent jobs that will be created;
 - (c) The annual wages or salary of each permanent job that will be created;
 - (d) Identification of any jobs to be created for LMI persons that will require special skills or education beyond a high school degree.
- (1) Any such job must be accompanied by a written commitment from the employer to provide the necessary skills training in order to count as an eligible LMI job;

(e) Evidence supporting the total number of LMI jobs actually created and filled along with the salary/wages paid (usually a Payroll Report) collected on a periodic basis (monthly or quarterly) through the established compliance period;


(f) Demographic information for each person initially receiving a created job that includes race, ethnicity, gender, and marital status; and,

(g) Using the information submitted with items (b) through (d) above, determination that at least 51% FTE jobs created have annual wages/salary at or below the 80% income limit for a 1-person family based on the HUD CDBG-DR Adjusted Income Limits for Puerto Rico, using the most recent data available at the time of the application eligibility determination.



PUERTO RICO LEGAL REQUIREMENTS

1. Compliance with Puerto Rico Legal Requirements. Given that the Agreement involves funds from a public agency of the Government of Puerto Rico for which HUD is the oversight Lender, the BORROWER agrees to carry out its obligations under this Agreement in compliance with all the requirements described in this Agreement and the following provisions:



(a) Compliance with Executive Order 24: Pursuant to Executive Order 24 of June 18, 1991 (EO-1991-24), the BORROWER 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 BORROWER 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, 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 BORROWER must provide to the Lender a certificate of no debt and a certificate of filing of all the necessary and required income tax returns to the Government of Puerto Rico for the last five (5) years. If a debt is reflected in such no-debt certificate, the BORROWER must provide evidence that BORROWER has subscribed a payment plan in connection with any such unpaid amounts and is in full compliance with the terms thereof. In addition, the BORROWER must provide the Lender with a copy of BORROWER's Merchant's Registry Certificate (*Certificado de Registro de Comerciantes*) and a Certification that BORROWER has complied with the filing of monthly sales and use tax (IVU) returns and that it has no IVU outstanding debt, if applicable. During the term of this Agreement, the BORROWER agrees to pay or remain current with any payment plan, file the applicable tax returns and to renew the Merchant's Registry Certificate, as applicable.

(b) Compliance with Executive Order 52: Pursuant to Executive Order 52 of August 28, 1992, amending EO-1991-24, the BORROWER certifies and warrants that it has made all payments required for unemployment benefits, workmen's compensation, and social security for chauffeurs, if applicable, or that in lieu thereof, has subscribed a payment plan in connection with any such unpaid amounts and is in full compliance with the terms thereof. BORROWER must provide the Lender with a certificate of no debt for unemployment benefit and social security for chauffeurs, if 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 BORROWER accepts and acknowledges its responsibility for requiring and obtaining a similar representation and certification from each and every contractor and sub-contractor whose service the BORROWER has secured in connection with the construction of the Improvements and shall forward evidence to the Lender as to its compliance with this requirement.

(c) Social Security and Income Tax Retentions: The BORROWER will be responsible for rendering and paying the Federal Social Security and Income Tax Contributions, as applicable.

(d) Puerto Rico Municipal Tax Collection Center ("CRIM"): The BORROWER 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 "Centro de Recaudación de Ingresos Municipales" (**CRIM**, for its Spanish acronym) for the Premises. The BORROWER further certifies to be current with the payment of any and all property taxes that are or were due to the CRIM. The BORROWER must deliver to the Lender a certificate of no debt with regards to property taxes that may be registered with CRIM. From the Closing Date until the Term Loan Maturity Date, the BORROWER agrees to pay and/or to remain current with any repayment plan agreed to by the BORROWER with CRIM with regards to its property taxes.


(e) Income Tax Withholding: The Lender shall retain the corresponding amount from all payments made to the BORROWER, as required by the Puerto Rico Internal Revenue Code, as amended. the Lender will advance such withholdings to the Government of Puerto Rico's Treasury Department (known he Lender will adjust such withholdings provided the BORROWER produces satisfactory evidence of partial or total exemption from withholding.

(f) Compliance with Act No. 45 of April 18, 1935, as amended, 11 LPR § 1, et seq.: The BORROWER certifies and guarantees that at the signing of this Agreement it has valid insurance issued by the State Insurance Fund Corporation (CFSE, for its Spanish acronym), as established by Act No. 45, supra, known as the "Puerto Rico Workers' Accident Compensation Act".


(g) (g) Puerto Rico Agency for the Collection of Child Support (ASUME, for its Spanish acronym): The BORROWER certifies and guarantees that at the signing of this Agreement that the BORROWER nor any of its owners, if applicable, have any Debt or outstanding debt collection legal procedures with regards to child support payments that may be registered with ASUME. The BORROWER must deliver to the Lender a certificate of compliance with employee's salaries retention orders issued for child support payments and a certificate of no debt of each of the owners of the BORROWER and the Guarantor, if applicable, regarding any Debt or outstanding debt collection legal procedures with regards to child support payments that may be registered with ASUME.

(h) Compliance with Act No. 168-2000, as amended, 8 LPR § 711, et seq.: The BORROWER is in full compliance with Act No. 168-2000, as amended, known as "Act for the Improvement of Elderly Support of Puerto Rico." (**PROSPERA**, for its Spanish language acronym).

(i) Compliance with Act No. 1-2012, as amended, 3 LPR § 1854, et seq.: the Lender and the BORROWER hereby certify that in signing this Agreement they are in compliance with Act No. 1-2012, as amended, known as "Puerto Rico Government Ethics Act of 2011", in connection with the possibility of a conflict of interest.



(j) Clause of Governmental Ethics Certification of Absence of Conflict of Interests: The BORROWER certifies that: (1) no public servant of the Lender has a pecuniary interest in this Agreement, purchase or commercial transaction; (2) no public servant of the Lender has requested or accepted from the BORROWER, directly or indirectly, for him(her), for any member of his(her) family unit or for any Person, gifts, bonuses, favors, services, donations, loans or anything else of monetary value; (3) no public servant(s) has requested or accepted any good of economic value, linked to this transaction, from any Person of my entity related to the BORROWER as payment for performing the duties and responsibilities of their employment; (4) no public servant has requested from the BORROWER, directly or indirectly, for him(her), for any member of her(his) family unit, or for any other Person, business or entity, goods of economic value, including gifts, loans, promises, favors or services in exchange for the performance of said public servant's influenced in BORROWER's favor; (5) the BORROWER has no kinship relationship, within the fourth degree of consanguinity or second by affinity, with any public servant who has the power to influence and participate in the institutional decisions of the Lender.





(k) Compliance with Act No. 18 of October 30, 1975, as amended. 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 BORROWER 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*.

(l) Ethics: The BORROWER acknowledges receipt and agrees to obey Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico known in Spanish as "*Código Anticorrupción para El Nuevo Puerto Rico*".

(m) The BORROWER 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 Number 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.

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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 in 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.
 4. The BORROWER 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 BORROWER agrees to notify the Lender 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) Puerto Rico Department of State: BORROWER represents that it is in good standing in the jurisdiction where it is licensed to do business. From the date hereof and up to the Term Loan Maturity Date, the BORROWER shall continue to be in good standing. BORROWER must deliver to the Lender a Good Standing Certificate as of the date hereof. If BORROWER is not organized under the laws of Puerto Rico, a Certification of Authorization to do Business in Puerto Rico.



(o) Consequences of Non-Compliance: The BORROWER 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 the Lender to render this Agreement null and void and the BORROWER shall be obligated to reimburse to the Lender all moneys received under this Agreement.

SUBROGATION AND ASSIGNMENT PROVISIONS

1. General Provisions.

- a) The Parties acknowledge that the following provisions of this Schedule are hereto incorporated by reference and will be made an integral part of the Loan Agreement and 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 Loan Agreement shall forthwith be physically amended to make such insertion or correction.



2. Subrogation and Assignment Relating to Funds Received from the Puerto Rico Department of Housing Economic Development Investment Portfolio for Growth (IPG) Program.

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- a) These provisions are incorporated into this Agreement in consideration of the funds to be disbursed by the Lender pursuant to the terms and conditions set forth therein for CDBG-DR disaster recovery funds (the "Loan Proceeds") under the program being administered by the Lender.
- b) BORROWER understands and acknowledges that the program is subject to the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. §§ 5121-5207 (the "Act") and that, under such Act, the BORROWER may only receive assistance to the extent that the BORROWER has a disaster recovery need that is not fully met by insurance or other forms of disaster assistance. BORROWER further acknowledges that these provisions are intended to ensure that BORROWER does not receive duplicate benefits available to the BORROWER from another source, for the same purposes as the Loan Proceeds provided under the program, and that, any assistance determined to be duplicative must be deducted from the program's calculation of the BORROWER's total need prior to awarding assistance.
- a) Borrower hereby subrogates and assigns to the Lender any and all of Borrower's future rights to, and any interest Borrower may have in, any reimbursement and all payments received or subsequently received from any grant, loan, insurance policy or policies of any type (each individually, a **Policy** and collectively, the **Policies**), or under any subsidy, reimbursement or relief program related to or administered by the Federal Emergency Management Agency (**FEMA**), insurance payments, or any other federal, state or local government agency (each, individually, a **Disaster Program** and collectively, the **Disaster Programs**) to the extent of all Loan Proceeds paid or to be paid under the Program and that are determined, in the sole discretion of the Lender or its designated agent, to be a
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duplication of benefits (**DOB**). Any payments referred to in this paragraph, whether they are from Policies, FEMA, or any other source, and whether or not such amounts are a DOB, shall be referred to herein as **Proceeds**; any Proceeds that are determined to be a DOB shall be referred to herein as **DOB Proceeds**.

- b) BORROWER agrees that, in the event that BORROWER receives additional Proceeds related to disaster recovery that are not listed on the Duplication of Benefits Certification submitted in connection with the Application, BORROWER will notify the Lender within **ten (10) working days** of receipt of the funds by sending a written notification to EcoRecCDBG@vivienda.pr.gov. The Lender will, in turn determine, in its sole discretion if such Proceeds constitute DOB Proceeds. If any of the Proceeds are determined to be DOB Proceeds, the BORROWER shall pay the Lender the DOB Proceeds, to be disbursed as provided in Section 3 of this Agreement.

3. Cooperation and Further Documentation.

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- a) If the Lender elects to pursue any of the claims BORROWER has or may have under any Policies, BORROWER agrees to assist and cooperate with the Lender. BORROWER's assistance and cooperation shall include, but shall not be limited to, allowing suit to be brought in BORROWER's name(s) and providing any additional documentation with respect to such consent, giving depositions, providing documents, producing records and other evidence, testifying at trial, and any other form of assistance and cooperation reasonably requested by the Lender. BORROWER also agrees to assist and cooperate in the attainment and collection of any DOB Proceeds that the BORROWER would be entitled to under any applicable Disaster Assistance Program.
 - b) If requested by the Lender, Borrower agrees to execute such further and additional documents and instruments as may be requested to further and better subrogate and assign to the Lender (to the extent of the Grant Proceeds paid to BORROWER under the Program) the Policies, any amounts received under the Disaster Assistance Programs that are determined to be DOB Proceeds and/or any rights thereunder. BORROWER further agrees to take, or cause to be taken, all actions and to do, or cause to be done, all things requested by the Lender to consummate and make effective the purposes of these provisions.
 - c) BORROWER expressly allows and authorizes the Lender to request information from any company with which BORROWER holds or held any insurance policy or policies of any type, any other company or entity -public or private- from which the BORROWER has applied for or is receiving assistance (such as FEMA, or others), or any non-public or confidential information determined by the Lender, in its sole

discretion, to be reasonably necessary to monitor/enforce its interest in the rights subrogated and assigned to it under this Agreement, and grant consent to such company or entity to release said information to the Lender.

4. Agreement to Turn Over Proceeds; Future Reassignment.

- a) If BORROWER (or, to the extent permitted by superior loan documents, any lender to which DOB Proceeds are payable) hereafter receives any DOB Proceeds, BORROWER agrees to promptly pay such amounts to the Lender, if BORROWER received Grant Proceeds under the Program in an amount greater than the amount BORROWER would have received if such DOB Proceeds had been considered in the calculation of BORROWER's award.
- b) In the event that BORROWER receives or is scheduled to receive any Proceeds not listed on its Duplication of Benefits Certification (**Subsequent Proceeds**), BORROWER shall pay such Subsequent Proceeds directly to the Lender, and the Lender will determine the amount, if any, of such Subsequent Proceeds that are DOB Proceeds (**Subsequent DOB Proceeds**). Subsequent Proceeds shall be disbursed as follows:
- (i) If BORROWER has received full payment of the Grant Proceeds, BORROWER shall remit any Subsequent DOB Proceeds to the Lender. The Lender shall return to the BORROWER any Subsequent Proceeds in excess of the Subsequent DOB Proceeds.
 - (ii) If BORROWER has received no payment of the Grant Proceeds, the Lender shall reduce the payment of the Grant Proceeds to BORROWER by the amount of the Subsequent DOB Proceeds and shall return all Subsequent Proceeds in excess of the Subsequent DOB Proceeds to BORROWER.
 - (iii) If BORROWER has received a portion of the Grant Proceeds, the following shall occur: (A) the Lender shall reduce the remaining payments of the Grant Proceeds and return Subsequent DOB Proceeds in such amount to the BORROWER; and (B) BORROWER shall remit any remaining Subsequent DOB Proceeds to the Lender. The Lender shall also return to the BORROWER any Subsequent Proceeds in excess of the Subsequent DOB Proceeds.
 - (iv) If the Lender makes the determination that BORROWER does not qualify to participate in the program or BORROWER decides not to participate in the program, the Lender shall return the Subsequent Proceeds to BORROWER, and the Agreement shall terminate.

- c) Once the Lender has recovered an amount equal to the Grant Proceeds paid to BORROWER, the Lender will reassign to BORROWER any rights given to the Lender pursuant to these provisions.

5. Miscellaneous.

- a) BORROWER hereby represents that all statements and representations made by BORROWER regarding any Proceeds are true and correct, as of the date of the issuance of the Loan Proceeds.
- b) In any proceeding to enforce these provisions, the Lender shall be entitled to recover all costs of enforcement, including the Lender's attorney fees.
- c) The parties hereto each waive the right to have any judicial proceeding concerning any of the provisions hereof tried by a jury.
- d) Neither these provisions, nor any portion or provisions hereof may be changed, waived, or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by all parties hereto and approved by the Lender.
- e) These Subrogation and the rights and obligations of the parties shall be governed and construed in accordance with federal law and the laws of the Government of Puerto Rico without giving effect to conflict of law provisions. Any action arising out of or related to this Subrogation and Assignment provisions shall be brought within the Government of Puerto Rico.
- f) The captions of the various sections of this Subrogation and Assignment provisions have been inserted only for the purpose of convenience; such captions are not a part of the Agreement and shall not be deemed in any manner to modify, explain, enlarge, or restrict any provisions of this Subrogation.
- g) BORROWER acknowledges that making a false, fictitious, or fraudulent statement or representation in this agreement is punishable under State and Federal law (18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729), and shall constitute a separate criminal offense each time a public benefit is fraudulently received.
- h) BORROWER acknowledges that they have been informed and understand the penalties for making a materially false or misleading statement to obtain CDBG-DR funds under the program or any other of the Lender's programs.