



DEPARTMENT OF

HOUSING

GOVERNMENT OF PUERTO RICO



COMMUNITY DEVELOPMENT BLOCK GRANT - MITIGATION (CDBG-MIT) INVESTMENT PORTFOLIO FOR GROWTH - LIFELINE MITIGATION PROGRAM

LOAN AGREEMENT FOR ECONOMIC DEVELOPMENT

THIS AGREEMENT (the "Agreement" or the "Loan Agreement"), executed on this 10th day of December, 2025, by and between **SUPERMERCADOS ECONO INC.**, a corporation duly organized and existing under the laws of the Commonwealth (the "Borrower"), represented herein by its Authorized Representative, Awilda Quiñones Ramos, of legal age, married, executive and resident of Caguas, 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 Enabling Act" (the "Enabling Act"), with principal offices located at 606 Barbosa Avenue, San Juan, Puerto Rico, represented herein by its Secretary, Ciary Y. Pérez Peña, of legal age, single, a Government Executive Official and resident of Las Piedras, Puerto Rico.

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, in particular, 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 Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018, (Division B, Subdivision I of the Bipartisan Budget Act of 2018, Pub. L. 115-123, approved February 9, 2018), \$8.285 billion were allocated by the United States Department of Housing and Urban Development (HUD) for mitigation activities and assistance to the Government of Puerto Rico under the CDBG-MIT Program. These funds are intended to provide financial assistance in areas impacted by recent disasters;

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

WHEREAS, on January 27, 2020, a Notice was published in the Federal Register, Vol. 85, No. 17 (85 FR 4676), which allocated \$8,285,284,000.00 in CDBG-MIT funds to the Government of Puerto Rico;

WHEREAS, on May 12, 2021, the PRDOH Secretary and the Secretary of HUD signed Grant Agreement Number B-18-DP-72-0002, allowing PRDOH access to \$8,285,284,000.00 in CDBG-MIT funding, obligated under Pub. L. 115-123, as amended;

WHEREAS, the Lender is the governmental agency designated as the grantee of the CDBG-MIT funds allocated to the Government of Puerto Rico;

WHEREAS, the CDBG-MIT Program represents a unique opportunity to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses;

WHEREAS, according to the approved current CDBG-MIT Action Plan, Puerto Rico intends to undertake an Economic Development Investment Portfolio for Growth – Lifeline Mitigation Program (hereinafter, the "Program" or "IPGM Program"). The Program aims to target economic development by funding lifeline infrastructure projects that support Risk-Based Mitigation Needs from privately owned entities and public entities that are a part of public-private partnerships. The total allocation to the IPGM Program is \$628,816,696.00;

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-MIT grant funding;

WHEREAS, the IPGM Program intends to award gap funding for projects focused on private investment in lifeline infrastructure to increase stability and/or expansion of lifeline services. As an extension of the IPGM Program, financed with CDBG-DR funds, this mitigation-focused program is intended to fund large-scale reconstruction projects that are transformative in nature, substantially impacting the economic sector and workforce;

WHEREAS, on June 30, 2023, 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 February 3, 2025, duly subscribed by the Lender and acknowledged and accepted by the Borrower (the "Award Letter"), approving a loan in the form of a non-revolving credit facility, in the aggregate principal amount of **EIGHT MILLION FIVE HUNDRED SEVENTY FOUR THOUSAND NINE HUNDRED TEN DOLLARS (\$8,574,910.00)** to Borrower, in accordance with the published IPGM Program guidelines, as amended from time to time (the "Program Guidelines");

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

WHEREAS, on the date hereof, the 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 Mitigation Activities as defined by the Action Plan and the Program Guidelines, pursuant to this Loan Agreement;

WHEREAS, the CDBG-MIT funds made available by the 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, the Lender has the legal power and authority, pursuant to the Enabling Act, the Federal laws and regulations creating and allocating funds to the CDBG-MIT 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 that (i) directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with such Person; (ii) directly or indirectly, either of record or beneficially, owns or holds ten percent (10%) or more of the ownership interests of such Person having voting powers; or (iii) has ten percent (10%) or more of the ownership interests which are owned or held, directly or indirectly, either of record or beneficially, by 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 the 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, as well as directors, subsidiary corporations, joint ventures, and partners shall be deemed to be the Borrower's Affiliates.

Agreement or this Agreement or Loan 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.

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 that certain application furnished by the Borrower requesting IPGM Program funds, including all documents, schedules, exhibits, certifications, and information related thereto.

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

"Banesco" means Banesco USA, and its successors and assigns.

"Banesco Loan Documents" means any and all loan and security documents executed in connection with the Banesco Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"Banesco Loan" means the term loan in the amount of Fourteen Million Four Hundred Thousand Dollars (\$14,400,000.00) granted by the Banesco to the Borrower on the Closing Date to partially finance the Project costs.

"Bankruptcy Code" shall mean Title 11 of the United States Code (11 U.S.C. § 101 et seq.), as amended from time to time, or any successor statute.

"Bonds" means all bonds specified in Section 4.2(n) hereof, including, but not limited to, payment and performance bonds, and labor and materials payment bonds.

"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-MIT programs; records required to determine the eligibility of activities; records required to document the acquisition, improvement, use, or disposition of Premises, Equipment or Improvements with CDBG-MIT assistance; records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-MIT 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 HUD regulations, which include, but are not limited to, the CDBG-MIT Record Keeping, Management and Accessibility Policy, adopted pursuant to the Enabling 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.

"Business Day" means any day that is not a Saturday, Sunday, or a day on which the Government of Puerto Rico or the banks are required or permitted to be closed in the Commonwealth.

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

"CDBG-MIT" means the Community Development Block Grant – Mitigation fund, an opportunity available to help eligible grantees lessen the impact of future disasters by reducing or eliminating the risk of death, injury, property loss or damage, suffering and hardship.

"Certificate of Deposit" means that certain Certificate of Deposit number 102000003 in the amount of ONE MILLION THREE HUNDRED FIFTY-TWO THOUSAND FOUR HUNDRED TEN DOLLARS (\$1,418,046.00) and the proceeds therein described.

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

"Change of Control" means 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, unless in accordance with Borrower's organizational documents.

"Change of Scope" means any amendments or modifications to the Project that requires a re-evaluation of previously completed environmental reviews, assessments or findings, including but not limited to (i) the proposal of substantial changes in the nature, magnitude, or extent of the Project, including the addition of new activities not contemplated or anticipated in the original scope of the Project; (ii) the emergence of new circumstances and/or environmental conditions which may affect the Project or have a bearing on its impact, such as concealed or unexpected conditions discovered during the implementation of the Project; or (iii) the proposal to select or implement an alternative not evaluated in the original environmental finding.

"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.

"Congress" means, collectively, the U.S. Senate and the House of Representatives.

"Construction Completion Date" means the date of completion of the Construction Period, which shall occur on or before the thirtieth (30th) month following the Closing Date, that is June 10th, 2028.

"Construction Consultant" means the Person designated by the Lender to perform the tasks related to the Improvements determined by the Lender from time to time, which 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 requires the General Contractor to provide, supervise, or manage the acquisition of substantially all labor and materials needed for completion of the Improvements. This contract shall be in a form and substance acceptable to the Lender, and may be amended from time to time in accordance with this Agreement, subject to the Lender's prior consent and notice to the company issuing the payment and performance bond, and any other applicable insurance.

"Control Agreement" means that certain Account Control Agreement with Banesco with respect to the P&I Reserve Account.

"Conversion Date" means the day on which the last Loan Advance is made, but never later than thirtieth (30) months from the Closing Date, that is on June 10th, 2028.

"CRIM" is the Spanish acronym for "Centro de Recaudación de Ingresos Municipales", which is further explained in Exhibit L, Section 1(d).

"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 though 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 Closing Date 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 (A) (i) the ratio of earnings before interest, taxes, depreciation and amortization, plus (ii) capital raised by Borrower from transfer to its stores, less (iii) Borrower's capital distributions to its stores, to (B) 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 above the Applicable Interest Rate.

"Direct Costs" means the aggregate costs of all land, labor, materials, machinery, Equipment, Fixtures and/or furnishings necessary for completion of the Improvements.

"DOB" acronym for Duplication of Benefits and 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.

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

"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) law, rule, regulation, order, ordinance, writ, judgment, injunction, decree, determination, or award relating to the environment, health, safety, or hazardous or toxic materials or substances, 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-MIT and IPGM Programs.

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

Equipment means all tangible personal property, machinery, tools, and goods (excluding inventory and Fixtures) that are used or intended to be used in connection with the Project. This includes, but is not limited to, monitoring and control systems, portable testing devices, spare parts, safety equipment, transportable battery storage units (if any), and any other associated apparatus that remains personal property and is not affixed to real estate in a manner that would classify it as a Fixture under applicable 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 refers to a retirement or health benefit plan that falls under the regulations of the Employee Retirement Income Security Act of 1974 (ERISA); and has the meaning assigned to that term in Section 6.1(gg) below.

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

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

Financial Statements means for any Person, the statements of the assets, liabilities, income, expenses, and statements of cash flows, together with the required notes and disclosures prepared in accordance with GAAP and audited by independent auditors.

FinCEN refers to the Financial Crimes Enforcement Network, and has the meaning assigned to that term in Section 7.1 (ii) below.

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.

Fixtures means all tangible property, goods, and components that are installed or affixed, or to be installed or affixed, to the Premises or structures thereon as part of the Project, in a manner that renders such property a part of the realty under applicable law.

Flood Insurance Acts alludes 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, which is further explained in Section 7.1(dd) below.

Force Majeure means acts of God; strikes; lockouts; failure of power; riots; insurrections; atypical, severe adverse weather conditions preventing the

performance of work above normal Puerto Rico weather conditions (such as hurricanes); war; and other reasons beyond the Borrower's reasonable control. Lack of adequate funds or financial inability to perform shall not be deemed to be a cause beyond the reasonable control of the Borrower. In no event, shall a Force Majeure event delay or excuse performance under this Agreement for a period exceeding 120 consecutive days.

"Full-Time Equivalent (FTE)" As defined in the IPGM Program Guidelines and per Puerto Rico labor laws, a regular full-time workweek 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 Sampol Puerto Rico, LLC, better known as, Sampol Group.

"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, and any political subdivision, agency, department, commission, board, bureau, or instrumentality of either of them, including any local authorities, which exercises jurisdiction over the Premises or the Improvements.

"Hard Construction Costs" means the aggregate costs of all labor, materials, machinery, Equipment, Fixtures and/or furnishings necessary for completion of the Improvements solely for the Project, including 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 defined in the "Hard Construction Costs Statement", which is a statement of Hard Construction Costs, trade by trade, prepared by the Borrower and the General Contractor, 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; perfluorochemicals ("PFCs"); 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 importance within the meaning of any Environmental Law.

"HUD" refers to the U.S. Department of Housing and Urban Development and has the meaning assigned to that term in the Preamble to this Agreement.

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

"Improvements" means the construction of Project on the Premises as set forth in the Plans, including any furnishings and the Fixtures and Equipment.

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

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

"Indirect Costs" means all costs of completion of the Improvements other than Direct Costs, including but not limited to architects', consultants', and attorneys' fees, recording fees, interest, real estate taxes, Survey costs, appraisal costs, insurance premiums, advertising, and/or all other fees related thereto.

"Initial Advance" means the first disbursement of Loan proceeds to be made by the Lender to the 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, as more specifically listed in Exhibit D.

"Intercreditor Agreement" means that certain Intercreditor Agreement dated as of the date hereof entered into by and between the Borrower, the Lender, Banco Popular de Puerto Rico and Banesco.

"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 Closing Date.

"Interim Loan" means the loan in the aggregate principal amount of EIGHT MILLION FIVE HUNDRED SEVENTY-FOUR THOUSAND NINE HUNDRED TEN Dollars (\$8,574,910.00) 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 2.9 below.

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

"Late Charge" means two hundred basis points of the overdue amount.

"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 the title to real property.

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

"Loan Advances" means each disbursement of Interim Loan proceeds by the Lender to the Borrower based on requisitions supported by sufficient documentation of 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 Assignment of Project Contracts Agreement, the Bonds, the Indemnity Agreement, the consents and acknowledgment of the General Contractor and Borrower's Architect with the Lender, the Security Agreement, the UCC-1 Statements, the Pledge and Security Agreement (Reserve Account), the Control 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. Each document 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" means the Borrower, the General Contractor, the Architect, or any subcontractor, as defined 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 divided by the combined value of (i) the appraised fair market value of the Equipment, net of depreciation, and (ii) the face value of the Certificate of Deposit.

"Material Adverse Effect" means, with respect to any circumstance, act, condition, or event of 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 materially 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.

"Member of Congress" any Person who holds an elected position in the United States Senate or House of Representatives.

"Mitigation Activities" means those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, as well as suffering and hardship, by lessening the impact of future disasters.

"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/>.

"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(f) 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; and (vi) Liens in favor of the Banesco pursuant to the Banesco Loan Documents.

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"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.

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"Plans" means all final drawings, plans and specifications prepared by the Borrower, Borrower's Architects, or the General Contractor as approved by the pertinent Governmental Authorities and presented to the 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.

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"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 proceeds therein described.

"Premises" means the real property 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, 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 in the Annex to, or 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; (vi) who is an Affiliate of or affiliated with a Person listed above; or (vii) prohibited or disqualified from contracting with the

government, pursuant to Act No. 2 of January 4, 2018, as amended, known as the "Anti-Corruption Code for the New Puerto Rico".

Project means the design and installation of a high efficiency hybrid power plant for the Borrower's distribution center located in Canóvanas, Puerto Rico, which will include roof-top photovoltaic panels with battery storage, a natural gas fired generator, a liquid natural gas plant and wastewater treatment, as more particularly described in Schedule 1.1 hereto (the "Project").

Project Cost Statement means a statement setting forth the Project's costs sources and uses projection, setting forth, by category, 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 the Borrower with the Lender's prior written approval, which approval will be subject to the discretion, in good faith of the Lender.

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 has the meaning assigned to that term in Section 7.3 hereof.

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

- (a) the Hard Construction Costs and Soft Costs incurred and/or to be incurred;
- (b) the General Contractor's purchase orders, invoices or cost certification in form acceptable to the Lender;
- (c) if requested by the 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 subcontractors 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 the Lender pursuant to which a security interest is granted to the Lender on certain assets and property of the Borrower.

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 acceptable to the Lender.

“Soft Cost Statement” means a statement of Soft Costs incurred and to be incurred, to be prepared by the Borrower and submitted to the 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.

“Substantial Completion” means, the date when the Project’s systems start generating electricity to support the Borrower’s operations, but where third-party validation and certifications for connection to the electric grid have not been obtained or required.

“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, that is January 5, 2039.

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

“Term Note” means a Promissory Note in form and substance acceptable to the Lender to be issued by the Borrower on the Conversion Date to evidence the Term Loan, substantially in the form of Exhibit J-2 hereto.

“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.

"Uniform Commercial Code" shall mean the Commercial Transactions Act of the Commonwealth created by Act No. 208 of August 17, 1995, as amended, supplemented and in effect from time to time in the Commonwealth, and any successor statute. 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, then "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.

"USDA REAP Funds" means the grant in an amount not less than ONE MILLION DOLLARS available to the Borrower under the Rural Energy for America Program of the United States Department of Agriculture – Rural Development.

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 mean "to but excluding." Unless otherwise specified, the established periods or timeframes included in this Loan Agreement and all Loan Documents will be considered calendar days.

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 the 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, the Lender will make non-revolving Loan Advances to the Borrower from time to time from the Closing Date until the Conversion Date under the Interim Loan as follows:

The Initial Advance will be made upon the satisfaction of the applicable conditions set forth in Article IV hereof. All subsequent Loan Advances shall be made thereafter and shall be based on the construction completion schedule upon the satisfaction of the applicable conditions set forth in Article V hereof. The amount of each Loan Advance shall be equal to the Hard Construction Costs and Soft Costs incurred by the Borrower through the end of the period covered by the Requisition, less:

a. the total of the Loan Advances for such items theretofore made; and, at the Lender's reasonable discretion, less any combination of the following further amounts:

- i. all or a portion of the amount by which any Hard Construction Costs or Soft Costs are greater than the respective Loan Budget Amounts for such costs; and/or
- ii. 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 the Lender, and/or any Hard Construction Costs covered by a previous Requisition for which evidence of payment has not been received by the Lender and/or the Construction Consultant, if requested or applicable.

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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 that have been incurred by the 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 the Lender.

Section 2.4 Making of Loan Advances to the Borrower. All Loan Advances to the Borrower are to be made at the Lender's principal office or at such other place as the Lender may designate. Requisitions shall be received by the Lender at least **thirty (30) Business Days** prior to the date of the requested Loan Advance. The Borrower may not reborrow a 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 Building Materials and Furnishings. Any request for a Loan Advance that in whole or in part relates to materials, Equipment or furnishings that Borrower owns and that are not incorporated into the Project as of the date of the Loan Advance, and are to be temporarily stored at the Premises or a place other than the Premises (collectively, the "Stored Materials"). Any such request must be accompanied by evidence satisfactory to the Lender and the Construction Consultant that (a) such Stored Materials are included within the coverage of the insurance policies carried by the Borrower, (b) upon application of the proceeds of such Loan Advance to pay the supplier of the relevant Stored Materials, the ownership of such Stored Materials will be vested in Borrower free of any Liens and claims of third parties other than Permitted

Liens, and the Lender has a Lien in such Stored Materials, (c) such Stored Materials are properly protected and insured against theft or damage, and (d) in the opinion of the Construction Consultant, the Stored Materials are physically secured.

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Section 2.7 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, the Borrower's Equity Investment, and any undisbursed proceeds from the USDA REAP Funds, shall equal or exceed the amount necessary, in the 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. The Borrower agrees that, if for any reason, the Lender reasonably determines the Loan is not in balance, regardless of the cause for such condition, the Borrower will, (A) provide evidence of why the Borrower believes that the Lender's determination is incomplete or incorrect, in which case the Lender shall review the information submitted and make a determination within ten (10) calendar days; or (B) within ten (10) calendar days after written request by the Lender (or confirmation of its determination), deposit the deficiency with the Lender. Such deposit shall be exhausted before any further disbursement of the Loan shall be made. Until the amount equal to the deficiency is so deposited or disbursed, the Lender shall be under no obligation to make Loan Advances.

Section 2.8 Loan Advances to Third Parties. The Borrower does hereby irrevocably authorize the Lender, at the 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 the Borrower which has been approved by the Construction Consultant and the Lender, and/or to make payments jointly to both General Contractor and the Borrower. No further direction or authorization from the Borrower shall be necessary to warrant such payments, and all such payments shall satisfy *pro tanto* the obligations of the Lender hereunder and shall be secured by the Loan Documents as fully as if made to the Borrower, regardless of the disposition thereof by the General Contractor or other Person. If an Event of Default shall exist hereunder and the Borrower does not submit Requisitions and related documents for Hard Construction Costs on a timely basis, the 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 the Lender's verification and approval. Such payments shall be considered Loan Advances and shall be secured by the 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 the Borrower, the General Contractor and/or any such Person must certify that they have complied with the legal and regulatory requirements of the Award Letter and this Agreement.

Section 2.9 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 J-1 hereto, dated as of 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 an acknowledgment by the Borrower that, as of the date the Loan Advance is made, it knows of no defenses or claims against the Lender under any Loan Document.

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Section 2.10 Acceptance of Bonds. No Loan Advances will be made until the Bonds and all Loan Documents related to the site improvements, design and installation shall have been received and accepted by the Lender.

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Section 2.11 Contingencies. Of the portion of the Loan allocated for contingencies, no costs will be incurred unless previously approved in writing by the Lender.

Section 2.12 Use of Proceeds. The Borrower acknowledges that the Loan has been granted exclusively for the design and installation of the Improvements as herein defined.

ARTICLE III TERMS OF THE LOAN

Section 3.1 Applicable Interest Rate. Interest on the outstanding principal of the Loan from time to time shall accrue at the Applicable Interest Rate and shall be paid on each Interest Payment Date. The Borrower will be promptly notified by the Lender of any such Loan Advances.

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) calendar days** after its due date, the Borrower shall pay the Late Charge in addition to all other sums due, for the avoidance of doubt, all interest accrued and payable shall be paid by the Borrower, when due, from sources other than the Loan Advances.

Section 3.2 Conversion to Term Loan. On the Conversion Date, provided that no Event of Default has occurred and is continuing, and provided that all other conditions precedent established in Section 5.2 shall have been complied with, the outstanding principal balance of the Interim Loan shall convert into a term loan (the "Term Loan"), and no further Loan Advances will be made.

The Term Loan will be repaid in one hundred nineteen (119) consecutive and equal monthly installments for principal and interest ("P&I"), commencing on the first day of the first calendar month following the Conversion Date, and on each subsequent Interest Payment Date thereafter, in the amounts set forth in Exhibit I hereof. A final

installment of principal and interest, and any other outstanding amounts due, will be paid 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 Mandatory and Optional Prepayments.

(a) **Sale of Assets.** Without limiting the prohibition set forth in Section 7.2 hereof, in the event that the Borrower shall sell, transfer or otherwise dispose of any of its assets, other than: (i) sales of inventory in normal course of business, including bulk sales of inventory to third-parties in the ordinary course of business, and (ii) dispositions of obsolete, damaged, surplus or worn-out or depreciated equipment or property, in the ordinary course of business and consistent with prudent industry practices, then, no later than **five (5) Business Days** prior to the occurrence of the disposition, the Borrower will deliver to the Lender a statement, in form and substance reasonably satisfactory to the Lender, showing the calculation of the amount of the net cash payments of the disposition and will prepay the Loan, in an aggregate amount equal to one hundred percent (100%) of the net cash payments of the disposition, such prepayment to be applied in each case in the manner and to the extent specified in subsection (d) of this Section.

(b) **Recovery Events.** Upon the receipt of proceeds of any insurance, condemnation award or other compensation in respect to any loss or damage affecting the Collateral, the Borrower shall prepay the Loan in accordance with Section 11.19. This prepayment will be applied in the manner and to the extent specified in subsection (e) of Section 11.19.

(c) Provided that no uncured Event of Default exists as of the date of prepayment, and the Borrower has achieved the National Objective on or before the Conversion Date, the Loan may be prepaid in part or in full without any prepayment premium or penalty (i) at any time during the Interim Loan Period or (ii) on any Interest Payment Date during the Term Loan Period.

(d) 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 Note in immediately available funds (by wire transfer, ACH, or certified check) and not later than 2:00 P.M. (Puerto Rico time) on each Interest Payment Date or such other date payments are due hereunder 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 the 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 the 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 are legally permitted under applicable law, if any, then 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 the Lender to the Borrower, 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 J-2 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 that 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. Loan forgiveness is governed according to the Program Guidelines, as found in the CDBG-MIT Website (<https://recuperacion.pr.gov/en/economic-development-investment-portfolio-for-growth-lifeline-mitigation-program/>), and applicable Federal, Commonwealth, and local regulations.

If the Borrower meets specific program goals, it will be eligible to have up to one hundred percent (100%) of the remaining Loan balance forgiven, upon satisfactory performance against milestones or payments of the required portion of the Loan. The percentage or amount to be forgiven will not exceed the remaining loan balance at the time the performance or grant milestone is achieved.

The forgivable portion will not be repayable unless the Borrower is in Default or does not meet the loan forgiveness requirements. The Borrower's eligibility to obtain loan forgiveness under the Project Costs criteria set forth in **Exhibit K** to this Agreement, shall be determined based on the Borrower's project budget as of the Closing Date, which is attached hereto and made a part hereof as **Exhibit B**. 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.

Exhibit K establishes the specific requirements to be met by the Borrower and the percentage of Loan forgiveness associated with compliance with 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 Borrower (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.

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A Duplication of Benefits ("DOB") occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same 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 the Borrower if the Lender determines, in its sole discretion, that the Loan proceeds distributed to the Borrower are DOB.

Section 3.11 Overpayment. The 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. The Borrower shall reimburse such disallowed costs from funds other than those the Borrower received under this Agreement.

Section 3.12 National Objectives. The Loan must be used to meet one of the national objectives established in 24 CFR 570.208 and 24 CFR 570.483 and modified through the waiver and alternatives requirements published in Federal Register Vol. 84, No. 169 (August 30, 2019), 84 FR 45838. Considering the nature of the IPGM Program, the following national objectives shall apply. The Borrower, subject to the National Objective set forth in the Award Letter, shall document compliance with the following:

(a) Low- moderate-income persons (LMI) Area Benefit (LMA): An activity that benefits all residents in a particular area, where at least fifty-one percent (51%) of the residents are LMI persons. This can be documented through service area

determination that considers the nature of the activity, the location, accessibility, and availability of comparable activities; by service area map; narrative statement and supporting documentation to justify the service area map; calculation of the number of total and LMI beneficiaries in the service area and the LMI percentage based on the census geographies within the Service Area, or on survey forms and tabulations if a LMI survey was conducted.

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- (b) Meet the National Objective(s) set forth in the Award Letter on or before the Conversion Date, which National Objective shall be deemed met upon Substantial Completion of the Project;
- (c) Provide evidence acceptable to the Lender that the National Objective(s) set forth in the preceding Section (a) is achieved on or before the date established in the preceding subsection (b).
- (d) *Additional criteria applicable to all mitigation activities funded with CDBG-MIT funds.* To meet a national objective, the Borrower must:
 - i. Demonstrate the ability to operate for the useful life of the Project and must plan for the long-term operation and maintenance of CDBG-MIT projects.
 - ii. Be consistent with other mitigation activities. The CDBG-MIT activity must be consistent with the other mitigation activities that the Borrower will carry out with CDBG-MIT funds in the MID area. To be consistent, the CDBG-MIT activity must not increase the risk of loss of life or property in a way that undermines the benefits from other uses of CDBG-MIT funds in the most impacted and distressed (MID) area.
- (e) *Additional criteria applicable to Covered Projects funded with CDBG-MIT funds.* To meet a national objective, the Borrower must show that the Project (i) demonstrates long-term efficacy and fiscal sustainability and (ii) demonstrably benefits the MID area, which HUD has determined to be all municipalities of Puerto Rico.

In the event that the Borrower does not comply with the National Objective requirement as set forth in the Award Letter and 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, before achieving the National Objective within the time limit established in this Agreement, the Borrower shall compensate the 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, or total amounts disbursed by the Lender if the payment is made prior to 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 December 31, 2024;

(b) The 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) The 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 materially affect the business and operations of the Borrower, (ii) is reasonably likely to materially affect the Premises and/or the Improvements, or (iii) 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 the Lender shall have received insurance proceeds (together with additional funds reasonably approved by the 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 the 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 the Lender or under any agreement with any other Person, including, without limitation, any covenant with Banesco under the Banesco Loan Documents, 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 the Lender;

- (k) The 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 the Lender;
- (l) The Borrower shall comply with all conditions set forth in the Program Guidelines, HUD General Provisions, and the Award Letter;
- (m) The Lender shall have received evidence that the Equity Investment and the USDA REAP Funds are available to the Borrower; and
- (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 the Project shall be for the sole account of the Borrower, and the Lender shall have no obligation for any such additional sums.

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

- (a) Payment by the Borrower of all reasonable 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, reasonable legal fees);
- (b) Audited Financial Statements of the Borrower and the General Contractor, and such other financial data as the Lender requires from time to time in writing;
- (c) Ownership participation schedule providing details of the 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 subcontractor evidencing compliance with Exhibit L attached hereto;
- (e) Such financial, business, and other information regarding the Borrower and the General Contractor as the Lender shall have requested, including, without limitation, information as to possible contingent liabilities, tax matters, environmental matters, 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 them 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 design and installation of the Improvements theretofore performed, if any, was performed in accordance with the Plans and will be finished on or before the Construction Completion Date;

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

(h) The Project Cost Statement;

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

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

(k) 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;

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

(m) A report by the Construction Consultant to the Lender indicating that the Hard Construction Costs, as disclosed by the Borrower to the Lender, have been estimated on a reasonably accurate basis;

(n) Payment and performance bonds and labor and materials payment bonds, each for penal sums equal to the amount of the Construction Contract, 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 the Lender (collectively, the "Bonds");

(o) 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 indicating that said policies are in full force and effect with the premiums prepaid and, where applicable, duly endorsed to the Lender;

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

- (q) 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);
- (r) A certificate from the Borrower certifying compliance with the Program Guidelines, the HUD General Provisions, and the Award Letter;
- (s) This Agreement shall be duly registered at the Office of the Comptroller of Puerto Rico.
- (t) Any other document which the Lender deems necessary.
- (u) There shall not have occurred any Change of Scope with respect to the Project.

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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, including plot plans, subdivision approvals, zoning variances, sewer, building, flood and all other permits required by Governmental Authorities for the construction, use, occupancy and operation of the Premises and/or Improvements for the purposes contemplated by the Plans from all applicable Governmental Authorities;
- (b) Endorsements from the pertinent entities confirming the availability of utilities;
- (c) Copies of any inspection and test records and reports made by or for the Borrower's Architects; and
- (d) A construction schedule for the Improvements.

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

- (a) The Loan Documents and any other document reasonably deemed convenient by the Lender;
- (b) Copies of any and all Governmental Approvals, including plot plans, subdivision approvals, zoning variances, sewer, building, flood and all other permits required by Governmental Authorities for the construction, use, occupancy and operation of the Premises and/or Improvements for the purposes contemplated from all applicable Governmental Authorities;
- (c) Agreements from the Borrower's Architects and the General Contractor in form and substance acceptable to the Lender's Counsel;

(d) A certificate of good standing from the Department of State of the Commonwealth 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 organization documents of the Borrower;

(e) 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;

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

(g) Any other document that the 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) The 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) The Loan, after giving effect to the previous Loan Advances, together with the Equity Investment and proceeds from the USDA REAP Funds, is "in balance" as contemplated by Section 2.7;

(d) The Lender and the Construction Consultant shall have received all construction permits required under applicable law for the installation of the Improvements prior to the disbursement of any Loan Advance for Hard Construction Costs, except for disbursements made solely for Equipment and related materials thereto; and

(e) If required by the Lender, it shall have received an update of the Borrower's counsels' opinion in form and substance reasonably satisfactory to the 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, the Lender shall also have received:

- (a) All conditions of Article IV and Article V shall have been and remain satisfied as of the Conversion Date;
- (b) Advice from the Construction Consultant to the effect that design and installation of the Improvements have 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;
- (c) Contractor's certificate, certifying that the Improvements have been completed substantially in accordance with the Plans;
- (d) Evidence reasonably satisfactory to Lender that all Taxes and other levies imposed upon the Premises and/or Improvements are fully paid and current, except to the extent such Tax is being contested in good faith by appropriate proceedings and adequate reserves are being maintained with respect thereto;
- (e) Certificate of occupancy and use permit for the Improvements issued by the appropriate Governmental Authorities;
- (f) 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;
- (g) The Term Note;
- (h) The Forgiveness Calculation Form signed and accepted by the Borrower, certifying compliance with Section 3.9; and
- (i) Such other evidence or documents as the 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. In order to induce the Lender to make Loan Advances hereunder, the Borrower makes the following representations and warranties to the Lender, each and all of which shall survive the execution and delivery of this Agreement, but only to the extent and on the dates on which the same are made:

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- (a) The Borrower is in compliance with all legal and regulatory requirements established in the Program Guidelines, the HUD General Provisions, the Award Letter, and this Agreement.
- (b) The Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth, and has all requisite power and authority to conduct its business, own its property and execute, deliver, and perform all of its obligations under this Agreement and each of the other Loan Documents to which it is a party. The Borrower is also authorized to conduct business in any other jurisdiction where the nature of its business or assets requires it to be so qualified to do business.
- (c) This Agreement and each of the other Loan Documents constitute valid and binding obligations of the Borrower, 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 granted pursuant to the Loan Documents create in favor of the Lender a perfected security interest in and Lien on the Collateral, prior in rank to all other Liens, rights, or claims against the Borrower, except for Permitted Liens.
- (e) The Financial Statements of the Borrower 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 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) that might give rise to a Lien or claim against the Collateral or Loan proceeds have been made by Borrower since the date thereof. The Financial Statements contain a complete and accurate list of all Debt of the Borrower and outstanding on the date hereof, showing as of the date set forth thereon the principal amount outstanding thereunder (the "Existing Debt");
- (f) There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting it, the Premises, the Improvements, the validity or enforceability of the Collateral or the priority of the Lien thereof, and the Loan Documents. No such actions exist at law, in equity, or before or by any Governmental Authorities which would, if adversely determined, substantially impair the ability of the Borrower to pay when due any amounts which may become payable under the Notes, 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 of the Loan Documents to which it is or will be a party have been duly authorized by all necessary company action of the Borrower and do not and will not

- (i) contravene its 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. The Borrower is 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 Borrower represents and warrants that, to the best of the Borrower's knowledge, it is not and its subcontractors (to the extent there are any engaged as of the date hereof) are not debarred, 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 has filed all federal, state, Commonwealth, and local tax returns required to be filed and has 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 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. Such tax returns properly reflect the income and Taxes of the Borrower 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 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. 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;

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- (l) The Borrower has 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, those disclosed in writing to the Lender and Permitted Liens. 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. 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 covering 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 provide such coverage that is sufficient and customarily carried by companies of the size and character of the Borrower. The Borrower has not been denied any insurance for which it has applied, nor has any policy been terminated (other than at its own request);
- (o) The Plans have been reviewed and accepted by the General Contractor, the Borrower's Architect and, as required by applicable laws or any effective restrictive covenant, 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 the Lender's Construction Consultant of 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 match those referred to in the agreement with the Borrower's Architects and in the building permits for the Improvements;

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- (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 the 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;
- (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 by Governmental Authorities or dedicated to public use and accepted by said authorities. The Borrower and said Governmental Authorities have taken all necessary steps to assure the complete construction and installation of such roads by the Construction Completion Date or any prior date required by law or regulation;
- (s) No information, exhibit, document, or report furnished by the Borrower to the 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 the 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 comply in all respects with all applicable Environmental Laws; (ii) all necessary Environmental Permits have been obtained and remain in effect for the operations and properties of the Borrower, and they comply fully with such permits; (iii) none of the operations or properties of the Borrower are subject to any Environmental Action alleging the violation of any Environmental Law; (iv) no known circumstances to the Borrower exist that could form the basis of an Environmental Action against the Borrower, or any of its 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 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) the Borrower does not 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 has not 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 Hazardous Material or any other hazardous substance into the environment;

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- (u) All materials contracted or purchased for delivery to the Premises or for use in the construction of the Improvements, and all labor contracted or hired for or in connection with the 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 un-disbursed proceeds of the USDA REAP Funds, the Equity Investment, and any other committed financial sources, will be sufficient to fully pay for the development and construction costs of the Project, including without limitation, financing and carrying costs of the Premises and the Improvements, as determined in accordance with GAAP;
- (w) The Borrower has not engaged any broker, finder, or agent in connection with the Loan or 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 is, and after giving effect to the transactions contemplated by this Agreement and the other Loan Documents, will continue to be Solvent. The 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, nor (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 Debt beyond Borrower's ability to pay such Debts liabilities as they mature (taking into account the timing and amounts of cash expected 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, and the Borrower has not made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. The Borrower is not 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. The Borrower has no knowledge of any Person contemplating the filing of any petition against it. 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). 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) incur Debts beyond its ability to pay as they mature.

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

(aa) The Borrower is not an "investment company," or an "affiliated person" of, "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, the application of its proceeds or repayment thereof by the Borrower, nor the consummation of any 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 Loan shall be used and applied only for the purposes set forth in Section 2.12 hereof;

(dd) The shareholders of the Borrower are set forth in **Schedule 6.1(dd)** hereof. No single shareholder has more than twenty-five percent (25%) equity interest in the Borrower.

(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 related to its ownership interest, nor (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 is not engaged in any joint venture or partnership with any other 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 are Prohibited Persons or listed on the OFAC List. The Borrower is in full compliance with all applicable orders, rules, regulations, and recommendations of the OFAC;

(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 such purposes;

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(jj) The Borrower certifies, to the best of its 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 any 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 the 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 awarded applicants shall certify and disclose accordingly. This certification is a material representation of the 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 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.

(kk) The Borrower hereby certifies that:

- (i) Neither it nor its principals are presently debarred, suspended, proposed for debarment, declare ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (ii) It agrees to complete the registration process in the System for Award Management (SAM) and is responsible for the accuracy and

completeness of the data within SAM during performance and through final payment. Failure to maintain registration in SAM may impact obligations and payments under this Agreement.

(ii) The Borrower hereby certifies, represents and warrants that, as of the date hereof, no Change of Scope has occurred with respect to the Project. The Borrower further represents that it has not implemented, commenced, or authorized any Change of Scope with respect to the Project that requires written notice to the Lender, re-evaluation of environmental assessments and other findings, and Lender's approval, in accordance with applicable law.

ARTICLE VII COVENANTS OF THE BORROWER

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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 the 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 the Borrower;
- (b) Permit the Lender and/or HUD, its agents, representatives, and the Construction Consultant, during normal business hours, upon written notice to the Borrower at least 48-hours in advance, 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 Premises, 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 documents 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 the 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.

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- (d) Commence construction of the Improvements promptly, but in no event later than one hundred twenty (120) days from the Closing Date; cause the construction, once begun, to be prosecuted with diligence and continuity in a good and workmanlike manner in accordance with the Plans, subject, however, to delays caused by events beyond the reasonable control of Borrower or the General Contractor (including, without limitation, Force Majeure events, material or equipment shortages, supply chain interruptions, labor disputes, governmental or utility delays, or unusually severe weather conditions). In the event of any such delay, the Borrower shall promptly notify the Lender in writing, providing reasonable details regarding the cause, expected duration, and anticipated impact on the Construction Completion Date. The Construction Completion Date shall be automatically extended for a period equal to the duration of any such delay, provided that Borrower delivers to Lender reasonable evidence of the delay and continues to prosecute construction diligently once such cause has been removed. The Borrower shall 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 in accordance with this Section, the Construction Contract and as otherwise consented to by the Lender;
- (e) Promptly following the execution of this Agreement, at the Lender's request, and at Lender's sole cost and expense, place a sign on the Premises at a location reasonably satisfactory to the Lender indicating, among other things, that the Lender is providing the "Construction Financing", and otherwise conforming to the 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 its 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, and expenses (including reasonable attorneys' fees) that 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 the Borrower relative to the acquisition of the Premises or in connection with the execution hereof or the consummation of the transactions contemplated hereby, and the Borrower's obligations herein shall survive the expiration or termination of this Agreement and the payment of the Loan;

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- (h) If requested by the Lender, deliver to the Lender or the Construction Consultant copies of all contracts, bills of sale, statements, receipted vouchers, or agreements under which the Borrower claims title to any materials, fixtures, or articles incorporated in the Improvements, or under which it has incurred costs for which it is entitled to a Loan Advance, and deliver to the Lender such other data or documents in connection with the Improvements as the Lender may from time to time request;
- (i) Upon demand of the Lender or the Construction Consultant, correct any defects (including structural) in the Improvements or any departures from the Plans not approved by the Lender;
- (j) Not permit the performance of any work pursuant to Change Orders, which individually or in the aggregate, exceed \$250,000, 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. Notwithstanding the foregoing, any Change Order (regardless of dollar value) that materially affects the design, layout, operation, or safety functionality of electrical systems, structural mounting, battery storage components, or emergency response features, or affects the Project schedule attached hereto and made a part hereof Exhibit P (delay of more than 30 calendar days), shall require prior written approval of the Lender and the Construction Consultant;
- (k) Require covenants from the General Contractor to the same effect as the covenant made by the 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 the Borrower will withhold ten percent (10%) from each certification advance and that said retainage will be paid by the Borrower subject to the terms of this Agreement, the Bonds, and the Construction Contract. With respect to Atlas Roofing Contractors, Inc. ("Atlas"), the retainage shall be released upon written confirmation from the Construction Consultant that Atlas has fully performed all obligations under the applicable agreement, that the work for which the retainage was held has been completed, and that no further work is required. 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;

(i) 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 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-MIT and IPGM 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, 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;

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- (ii) As soon as available and in any event within **forty-five (45) days** after the end of each fiscal quarter of the Borrower, 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 **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;
- (iv) 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;
- (v) Promptly, but in any event within **ten (10) Business Days** after receipt by the Borrower of service of process or other notice of commencement thereof, a 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 types 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;
- (vi) Promptly, but in any event, within **ten (10) Business Days** after receipt thereof by the Borrower 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;
- (vii) 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;

(viii) Promptly, but in any event within **ten (10) Business Days** after the occurrence thereof, a notice of the default by the Borrower under any note, indenture, loan agreement, mortgage, lease, deed or other similar agreement;

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

(x) 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;

(xi) 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;

(xii) 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;

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

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

(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 fire, damage or other casualty to or connected with the Premises or the Improvements;

(xvi) promptly, but in any event within **ten (10) Business Days**, after the occurrence thereof, notify the Lender in writing of a transfer by which the ownership interest of the Borrower (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) shall be vested in any other Person other than the Persons listed in Schedule 6.1 (dd);

(xvii) promptly, but in any event within **ten (10) Business Days**, after the occurrence thereof, notify in writing to the Lender of the issuance of any

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

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- (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 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;
- (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 unreasonably 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 or 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;

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- (z) Comply with the terms, covenants and conditions of the Loan Documents;
- (aa) Continue to be Solvent;
- (bb) At the Lender's reasonable request, execute and deliver to the 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;
- (cc) (i) Maintain with financially sound and responsible insurance companies rated A or better and with a financial size of V or higher, by Best Rating Service, all Insurance Policies 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 Insurance Policies 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 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 coverage 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 policies, certificates of insurance, 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 maximum limit of coverage available for such realty thereon under the Flood Insurance Acts;

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- (dd) 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;
- (ee) 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;
- (ff) From and after the Conversion Date, Borrower shall maintain at all times with Banesco a reserve for the payment of principal and interest in a minimum amount equal to six (6) months of scheduled principal and interest payments due under the Loan as of the Conversion Date. Such 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. 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;
- (gg) Borrower covenants that the representations and warranties made by it in Section 6.1 hereof and which can survive or are intended to survive the Closing Date will be continuously true and correct in all respects;
- (hh) Borrower shall include, as an exhibit to the pertinent contract with the project contractors, copies of the HUD Form 4010, which is attached hereto as Exhibit N, and a copy of "General Decision Number PR20250001" attached hereto as Exhibit O. The Borrower will ensure project prime contractors respond

promptly and effectively to Lender's compliance requests. This includes payroll reviews, onsite visits, and the timely implementation of corrective actions as specified by the Lender. The Borrower is responsible for providing copies of all compliance requirements, as set forth in their agreements with prime contractors, to the Lender's compliance division for recordkeeping purposes. Furthermore, the Borrower is obligated to pass Federal wage determinations, as well as any relevant local executive orders and local laws affecting wage rates, to the prime contractors. These documents are essential for laborers and mechanics engaged in a construction project, as defined in 29 CFR 5.

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(ii) To the extent that the Borrower is considered a "reporting company" under the Corporate Transparency Act, amended, and the regulations promulgated thereunder by the Financial Crimes Enforcement Network ("FinCEN"), comply with all reporting requirements thereunder on a timely basis with respect to beneficial owners and company applicants, including, without limitation, the filing with FinCEN of the initial report and any required subsequent updated or corrected report.

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Section 7.2 Negative Covenants. So long as the Loan shall remain unpaid, or the Lender shall have any commitment to fund Loan Advances hereunder and until the satisfaction of all other Obligations of the Borrower hereunder, the Borrower 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 the Borrower:

- (a) Permit the sale, dilution, encumbrance or transfer of the shares of stock of the Borrower, directly or indirectly, other than changes related to the corporate capitalization and inventory purchase programs contemplated in the organizational documents of the Borrower, which shall be duly notified to the Lender pursuant to Section 7.1(r)(xvi) hereof;
- (b) Sell, lease, transfer or otherwise dispose of any asset without Lender's prior written consent (including, without limitation, receivables, machinery, Equipment, leases, leaseholds, the Premises, trademarks, trade names, goodwill and other tangible and intangible assets), except for (i) sales of inventory in normal course of business, and (ii) dispositions of obsolete, damaged, surplus or worn-out equipment or property, in the ordinary course of business and consistent with prudent industry practices;
- (c) Negatively alter its capital structure;
- (d) Change its name, identity, organizational structure or jurisdiction of organization;
- (e) Establish a new location for its chief executive office or principal place of business;
- (f) Assume, guaranty, endorse, or otherwise be or become liable upon the obligations of any Person, firm, entity or corporation;

(g) Make changes in the Plans, except with the written approval of the 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;

(h) 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;

(i) 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;

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

(k) 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 the Collateral (real or personal, tangible or intangible), 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, and (ii) Permitted Liens;

(l) 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;

(m) 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;

(n) 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;

(o) Make Distributions to or on behalf of any shareholder of the Borrower or any other Person, except for the following Distributions, provided no Default or Event of Default has occurred and is continuing beyond any applicable cure period or would result therefrom and as of the most recently ended Fiscal

Quarter, Borrower is in compliance with the financial covenants set forth in Section 7.3 prior to, and after giving pro forma effect to the making of, such Distributions: (i) redemptions, retirements and buybacks made by the Borrower for cash in connection with its capital stock, and related to the corporate capitalization and inventory purchase programs contemplated in the organizational documents of the Borrower, (A) in an aggregate amount not to exceed **\$10,000,000** in Fiscal Year 2025; (b) in an aggregate amount not to exceed \$13,000,000 in Fiscal Year 2026; (C) in an aggregate amount not to exceed \$16,000,000 in Fiscal Year 2027; and (D) in an aggregate amount not to exceed \$19,000,000 in Fiscal Year 2028.

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- (p) Except for those credits extended to the shareholders, in connection with its inventory purchase programs contemplated in the organizational documents of the Borrower, 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;
- (q) 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 that, if unpaid or unperformed, may result in the imposition of a Lien on any of their properties or assets;
- (r) 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;
- (s) Create, incur, guarantee, endorse, assume, or suffer to exist any Debt, whether direct, contingent or otherwise, except (i) Debt hereunder and under the Note; (ii) the Banesco Loan; (iii) trade payables and accruals incurred in the ordinary course of business; (iv) unsecured current liabilities, other than for money borrowed, incurred in the ordinary course of business; (v) and loans or lines of credit disclosed in writing to the Lender existing prior to the Closing Date.
- (t) 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.

(u) The Collateral cannot be used as collateral for transactions with third-party financing within **five (5) years** after commissioning or Substantial Completion. If the facility goes through a commercial transaction within **five (5) years** after commissioning or Substantial Completion, one of the following conditions must be met:

- (i) The incoming entity will deliver the services and continue operating and maintaining the assets developed under the award. All responsibilities will be transferred to the new entity, as determined in the award, or
- (ii) The award shall be returned using a depreciation schedule to determine the current value.

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

Section 7.4 Special Provisions as to Collateral. (a) The Lender and the Borrower intend, and hereby agree, that until all Obligations hereunder and under the Notes, and other Loan Documents have been fully satisfied, the Lender's Lien over the Collateral, and all products and proceeds thereof, shall remain 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 on 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 on 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. The Lender may also settle, compromise, collect, or otherwise liquidate any Collateral for the Obligations in any manner following the occurrence of an Event of Default without affecting or impairing its the right 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 THE BORROWER FROM THE GENERAL CONTRACTOR

Section 8.1 Amounts Retained. The amount retained or held back by the Borrower from the General Contractor, in accordance with the terms of the Construction Contract, shall be subordinate to the Loan and/or to any other amounts owed hereunder and under the Loan Documents. These retained amounts shall only be paid by the Borrower to the General Contractor upon compliance with this Agreement, the Construction Contract, and the Bonds. To that effect, the amount retained by the 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 Substantial Completion of the Project.

Section 8.2 Subordinated Amounts. All amounts retained by the Borrower from the General Contractor shall be subordinate to the Loan and/or any other amounts owed hereunder and under the Loan Documents.

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 agency, 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 L.

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 Intentionally Omitted.

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 (i) when due any amount of principal and/or interest, or (ii) the Borrower shall fail to pay any other amounts or fees **ten (10) 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 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 setting forth the basis of such failure 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;
- (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 setting forth the basis of such failure;
- (d) Any representation or warranty made by the Borrower (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, be deemed incorrect in any respect at the time it was made;
- (e) An unreasonable delay in the construction of the Improvements or a discontinuance for a period of **thirty (30) consecutive 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 events of *Force Majeure*, but in no event a delay of more than **one hundred twenty (120) cumulative days**;
- (f) 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 **sixty (60) days** from the occurrence of such bankruptcy or insolvency;
- (g) The occurrence of any default 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) day period**, no Event of Default will be deemed to have occurred provided that the Borrower, within such **thirty (30) day period** commences actions to cure such failure and diligently prosecutes such cure to completion;
- (h) The conveyance, assignment, pledge, transfer, hypothecation or other disposition, or encumbrance of the Premises or Improvements, except as

permitted herein, or the assignment or attempted assignment by the Borrower of this Agreement or any of its rights hereunder;

- (i) If at any time or times hereafter any representation, statement, report, or certificate heretofore made or hereafter made by the Borrower shall prove to be false or misleading as the time it was made;
- (j) If all or a substantial part of the assets of the Borrower are attached, seized, or levied, 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;
- (k) 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 Notes and under the other Loan Documents, unless (i) the Lien defect is not attributable to an intentional act or omission of the Borrower, and (ii) the Borrower diligently commences and continues to exercise commercially reasonable efforts jointly with the Lender until the correction of the Lien defect is accomplished;
- (l) If the Borrower is 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;
- (m) There shall have been asserted against the Borrower an Environmental Action;
- (n) The Borrower 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 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 shall take any corporate or other action to authorize any of the actions set forth above in this subsection;
- (o) Any final and unappealable judgment or order for the payment of money in excess of Five Hundred Thousand Dollars (\$500,000.00) which is not covered by

insurance shall be rendered against the Borrower, 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;

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- (p) If the Borrower 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;
- (q) 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 of 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;
- (r) 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;
- (s) The Borrower 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;
- (t) 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;
- (u) The Borrower, or any of its owners, officers or directors incurs in any intentional or non-intentional conduct that may directly or indirectly threaten or damage the good name or standing of the Lender;
- (v) Any Termination Event with respect to an 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 an employer under an 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;

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- (w) Failure to meet National Objective requirements by the National Objective deadline; and,
- (x) Sale of the Premises prior to the Borrower achieving the National Objective listed under Section 3.12;
- (y) Voluntary or involuntary prepayment of the Loan, in whole or in part, prior to achieving the National Objective.
- (z) The occurrence of any Change of Scope of the Project without the Borrower having first provided written notice thereof to the Lender, thereby preventing the Lender from re-evaluating environmental assessments and other findings and issuing its written approval in accordance with applicable law.

Section 10.2 Remedies. Upon the occurrence and continuance of any Event of Default beyond any applicable cure period, the Lender, in addition to all remedies conferred upon it by law and by the terms of the 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 exclusive 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 Loan Advances;
- (c) In the manner permitted by law, take possession of the Premises and Improvements, complete the construction and equipping thereof, and take any actions deemed necessary in its sole judgment to fulfill the obligations of the Borrower hereunder. This includes the right to avail itself and procure performance of existing contracts or let any contracts with the same contractors or others, as well as 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 the construction and equipping of the Improvements in the name of the 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; 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 the Borrower, that may be required by any of the contract documents; and to perform any act that the Borrower might do on its own behalf; to prosecute and defend all actions or proceedings in connection with the Improvements, 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; to make settlements and compromises with the surety or sureties thereunder and execute instruments of release and satisfaction. It is understood and agreed that this authorization shall be coupled with an interest and cannot be revoked;

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- (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) Bring legal action or proceedings for the collection of the Obligations, and, at its option, simultaneously or thereafter foreclose the Collateral; or
- (f) Exercise or pursue any other remedy or cause of action permitted under this Agreement or any Loan Documents or conferred upon the Lender by applicable law, 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) held at any time held and any other indebtedness owed by the Lender to or for the credit or 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 the Lender shall have made any demand under this Agreement or such other Loan Document, and even if such obligations may be unmatured. The 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 the 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 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 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 Lender is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and in addition to every other remedy given hereunder and the Loan Documents or now or hereafter existing at law, in equity, or by statute, or any other provision of law.

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

ARTICLE XI GENERAL CONDITIONS

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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). Such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. The Lender may require a waiver fee equal to Five Thousand Dollars (\$5,000.00) in each instance of a waiver request made by the Borrower.

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

if to Borrower: at Supermercados Econo Inc.
PO BOX 4819
Carolina, Puerto Rico 00984-4819

Attention: Eduardo A. Marxuach Colón

With a copy to: Ferraiuoli LLC
250 Muñoz Rivera Ave.
6th Floor
San Juan, Puerto Rico 00918

Attention: Maristella Collazo Soto, Esq.

if to the Lender: at Puerto Rico Department of Housing
Investment Portfolio for Growth (IPGM
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

With a copy to: Marini Pietrantoni Muñiz LLC
250 Ave. Ponce de León, Ste. 900
San Juan, Puerto Rico 00918

Attention: Adriana Capacete Cabassa, Esq.

Or, as to each party, at such other address as shall be designated by such party in written notice to the other parties. All such notices and communications shall be effective as follows: if mailed, **three (3) days** after being deposited in the mail; if transmitted by Electronic Means, on the day of transmission; and if 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 precludes 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 the 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 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.

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- (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 Section 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 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.

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- (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 the Borrower and the Lender and their respective successors and assigns. Notwithstanding the foregoing, the 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, the 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 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 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.

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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.

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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 a party to this Agreement and subject to the terms hereof). 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.

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Section 11.13 Governing Law. The Loan Documents are made pursuant to and shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth. 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 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.

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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 the Borrower, for any reason, fails to complete the Improvements on or before the Construction Completion Date, and/or fails to pay the Loan in full on or before the Term Loan Maturity Date. Accordingly, the 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 it may require in connection with the transaction contemplated hereby.

Section 11.17 Intentionally Omitted.

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. 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, the 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 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. The Lender agrees that, provided the insurance proceeds or condemnation proceeds are paid to the 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 the Lender to the Borrower for the costs of restoration and repair of the Premises or Improvements and the completion of the construction of the Improvements:

- (a) The Borrower notifies the Lender in writing of the 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, upon 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) The 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 the Lender's judgment, 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 the Lender in advance, acting reasonably) are not otherwise available to make up the deficiency, the Borrower must pay such amounts as the Lender may require to cover the anticipated costs of the restoration and repair of the Premises and/or the Improvements in full;
- (e) The Borrower presents evidence satisfactory to the Lender and the Lender's counsel that (i) the proposed restoration and repairs are economically feasible; (ii) the Lender's security is not and will not be impaired thereby; (iii) the 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) The 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 the Lender for its review and approval, and the Lender gives its written approval of the same, which approval shall not be unreasonably withheld or delayed. However, in no case shall the Lender be required to be a party to any such contract or agreement;

(g) The Lender does not and, in the 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 the Lender, and in any event, such restoration and repairs can be completed prior to the then scheduled Term Loan Maturity Date.

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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.

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 the 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. The Borrower and the Lender agree that the Borrower, and not the Lender, has the sole responsibility for the control and management of the Premises and the Improvements. The Lender's rights in respect thereof are only those set forth herein. The relationship created between the Lender, on the one hand, and the 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 the Borrower. Any losses and debts incurred by the 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 the Borrower.

Section 11.23 Non-Business Day. If the date for making payment, or the last day for the 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 Intentionally Omitted.

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 this Agreement.

CHD

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, nor shall they be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrower or otherwise.

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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 Assignment of Project Contracts and Use of Documents. Borrower agrees to assigns to the Lender and grants to the Lender a security interest in and to the Construction Contract and all other contracts relating to the design, development, construction and management of the Project, pursuant to the Assignment of Project Contracts Agreement. Upon the occurrence and continuance of an Event of Default beyond any applicable cure period, the Borrower shall deliver such information, drafts, reports, papers, and other materials to the Lender, either in document form or as computer program data. 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's 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 the 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, including supporting documentation, which shall be retained for the greater of five (5) years from the closeout of the grant to the state or the period required by other locally applicable laws and regulations. Such records include but are not limited to: Records providing a full description of each activity undertaken; Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-MIT program; Records required to determine the eligibility of activities; Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-MIT assistance; Records documenting compliance with CDBG-MIT program regulations; Financial records, including records necessary to demonstrate compliance with all applicable HUD regulations; 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.

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- (II) Access to Records:** The Borrower shall permit the Lender and auditors to access the Borrower's records and financial statements during normal business hours and with prior written notification, 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 the closeout 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) PII Policy:** The Borrower must comply with the Lender's CDBG-MIT Personal Identifiable Information Policy, as found on the CDBG-MIT 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 representatives 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.

- (I) Confidential Information; Definition:** The term "Confidential Information", as used throughout this Section, means any information concerning the Lender's 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 be deemed to include all notes, analysis, compilation, studies, and interpretation, or other documents prepared by the Borrower, its agents, or representatives in connection with the Lender's operations.
- (II) Non-Disclosure:** The 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, sell, market, or disclose any Confidential Information to any third party, contractor, corporation, or association for any purpose whatsoever. The Borrower further agrees that, except as they relate to the normal course of business, 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. The Borrower retains the right to control its work papers subject to these confidentiality provisions. Nothing herein shall prevent the Borrower from disclosing such information to its accountants or tax or legal advisors, so long as such advisors agree to maintain the confidentiality provisions of this Section 11.31.
- (III) Return Documents:** Upon receipt of a written request from the Lender, the Borrower will return to the Lender all copies or samples of Confidential Information which, at the time of the notice, are in the Borrower's or its agent's possession. The 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 subparagraphs II and III of this Section will cause the Lender to suffer irreparable damage that could not be remedied or compensated adequately by mere monetary retribution. The Borrower further agrees that monetary 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.

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Section 11.32 Compliance with Federal Law, Regulations, and Executive Orders. The Borrower acknowledges that HUD financial assistance will be used to fund the Loan Advances. Also, the Borrower shall comply with all applicable Federal, state, and local laws, rules, regulations, and policies relating to CDBG-MIT and CDBG Program services. This includes, without limitation, applicable Federal Registers; the Housing and Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; the Fair Housing Act, 24 C.F.R. Part 35, 24 C.F.R. Part 58, 24 C.F.R. Part 135; the National Historic Preservation Act; and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards, the environment, and Action Plan amendments and HUD's guidance on the funds.

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Section 11.33 CDBG-MIT Policies and Procedures. In addition to what is established in this Agreement, the Borrower shall comply with all CDBG-MIT program specific and general policies and procedures, including, but not limited to, Financial Policy, OS&H Guideline, URA & ADP Guidelines, Cross Cutting Guidelines, AFWAM Policy, Personally Identifiable Information, Confidentiality, and Nondisclosure Policy, and Conflict of Interest and Standards of Conduct Policy, as found on the CDBG-MIT Website (<https://recuperacion.pr.gov/en/resources/policies/general-policies/>), 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 Subcontracts.

A. General: All subcontracts with principal contractors and any other subcontractor shall contain the applicable provisions described in **Exhibit C** (HUD General Provisions). The PRDOH shall review subcontracts as part of the compliance, monitoring, and oversight process performed by PRDOH or upon written request.

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

- i. That the work performed by the subcontractor be in accordance with the applicable terms of this Agreement between the PRDOH and the Borrower;
- ii. That nothing contained in such subcontract agreement shall impair the rights of the PRDOH;
- iii. That nothing contained herein or under this Loan Agreement will create any contractual relation between the subcontractor and the PRDOH;
- iv. That the subcontractor specifically agrees to be bound by the confidentiality provision regarding the Personal Identifiable Policy, as

found in the CDBG-MIT Website (<https://recuperacion.pr.gov/en/resources/policies/general-policies/>);

- v. That Borrower will be responsible for ensuring all subcontract work is performed consistent with federal and state regulations and/or policies to be eligible for reimbursement of the approved work and
- vi. All Federal flow-down provisions are included in the subcontract agreement per Federal guidelines.

C. Monitoring: The Borrower shall diligently monitor all subcontracted services. If the Borrower identifies any areas of noncompliance, the Borrower shall provide the PRDOH with summarized written reports supported by documented evidence of corrective action taken.

D. Content: The Borrower shall ensure that all applicable provisions of this Loan Agreement to be included in, and made a part of, any subcontract executed under the performance of this Loan Agreement.

Section 11.35 Notification: The Borrower shall notify and provide a copy of any and all subcontracts related to this Section 11.34 via email at contractsdbgdr@vivienda.pr.gov to the Contract Administration Area of the PRDOH CDBG-MIT Legal Division within **five (5) Business Days** of its execution.

Section 11.36 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 contract documents for all subcontracts at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and ensure that all awarded applicants shall certify and disclose accordingly. This certification is a material representation of the facts relied upon 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, and understands and agrees that the provisions of 31 U.S.C. §3801 et seq., apply to this certification and disclosure, if any.

Section 11.37 Equal Opportunity.

(I) Non-Discrimination Policy: 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, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to, the following areas: employment, upgrading, promotion, 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 notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of this nondiscrimination clause.

(II) Job Advertisements: 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 consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(III) Labor Union Notices: When applicable, the Borrower will send a notice to each labor union or workers' representative with which the Borrower has a collective bargaining agreement or other contract or understanding. This notice will inform the said labor union or workers' representatives of the Borrower's commitments under this Section. The Borrower shall also post copies of the notice in conspicuous places available to employees and applicants for employment.

(IV) Compliance with Executive Orders: The Borrower will comply with all provisions of Executive Order 11246 of September 24, 1965 (Executive Order 11246), 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) Reports and Access to Records: The Borrower will furnish all information and reports required by Executive Order 11246, 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) Consequences of Non-Compliance: 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. Additionally, the Borrower may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(VII) Subcontractor Compliance: The Borrower will include the portion of the sentence immediately preceding paragraph (I) and the provisions of paragraphs (I) through (VI) 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.

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Section 11.38 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 that neither the Borrower, its principals (as defined in 2 C.F.R. § 180.995), nor its affiliates (as defined in 2 C.F.R. §180.905) are excluded (as defined in 2 C.F.R. §180.940) or disqualified (as defined in 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. The Borrower must also include a provision to ensure compliance with these regulations in any lower-tier covered transaction it enters into. (III) The certification made by the Borrower in this regard is a material representation of fact upon which the Lender relies. 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, the Lender may pursue remedies available under this Agreement. Additionally, the Federal Government may exercise 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.

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Section 11.39 Program Fraud & False or Fraudulent Statements or Related Acts. The Borrower acknowledges that 31 U.S.C. Chapter 38, which governs Administrative Remedies for False Claims and Statements, apply to the Borrower's actions pertaining to this Agreement. This includes any false or fraudulent statements, representations, or claims made in connection with this Agreement.

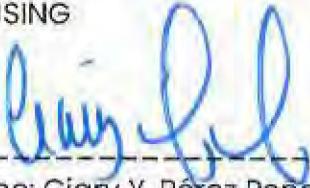
Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729.

[signature page follows.]

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

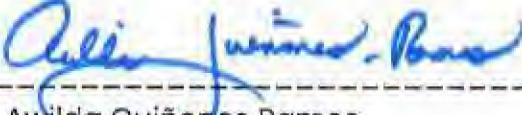
LENDER:

PUERTO RICO DEPARTMENT OF
HOUSING

By: 
Name: Ciary Y. Pérez Peña
Title: Secretary

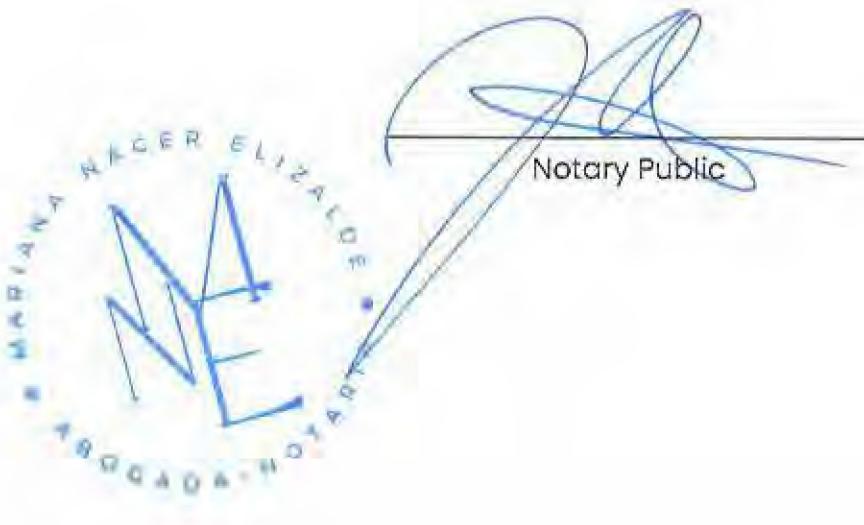
BORROWER:

SUPERMERCADOS ECONO INC.

By: 
Name: Awilda Quiñones Ramos
Title: Authorized Representative

Affidavit No. 828

Acknowledged and subscribed before me by Awilda Quiñones Ramos, of legal age, married, executive, and resident of Caguas, Puerto Rico, as Authorized Representative, of Supermercados Econo Inc.; and (ii) Ciary Y. Pérez Peña, of legal age, single, Government Executive Official and resident of Las Piedras, Puerto Rico, as Authorized Representative of the Puerto Rico Department of Housing, to me personally known. In San Juan, Puerto Rico, this 10th day of December, 2025.


Notary Public

LIST OF COLLATERAL

1. The Fixtures and Equipment;
2. The Certificate of Deposit; and
3. 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.

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EXHIBIT B

PROJECT BUDGET

(see attached)

Cynn

Asf

CONSTRUCTION CONTRACT BREAKDOWN FOR PAYMENT TEMPLATE

Economic Development Investment Portfolio for Growth (IPG-MIT)



FAC	Econo	PROJECT ID			CONTRACT NO.			DATE			PROJECT COST			EQUITY			SENIORITY			IPS.			TOTAL			
		IPG-00253			S			12/01/2025			\$1,000,000			\$374,910			\$			\$374,910			\$			
		PROJECT NAME			Econo Energy Park			FIRCO			BALANCE			\$			\$			\$			\$			
LAST PAYMENT DATE: 12/01/2025																										
ITEM	AMOUNT	ADJUSTMENT	TOTAL AFTER ADJUSTMENT	DEBTY	DEBTARIAL	PGC	DEBTY	DEBTARIAL	PGC	DEBTY	DEBTARIAL	PGC	TOTAL AMOUNT	DISBURSED	EQUITY EXPENSE (UP TO DATE)	DISBURSED										
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Construction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PV-2 Wind	\$ 342,338	\$ -	\$ 342,338	\$ 1,422,049	\$ 1,000,000	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,422,049	
EDS 750kW Wind	\$ 2,544,675	\$ -	\$ 2,544,675	\$ 1	\$ -	\$ -	\$ 2,544,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,544,675
Electrical Infrastructure	\$ 1,433,971	\$ -	\$ 1,433,971	\$ 1,433,971	\$ -	\$ -	\$ 1,433,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,433,971
Industrial Impact	\$ 1,031,276	\$ -	\$ 1,031,276	\$ -	\$ -	\$ -	\$ 1,031,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,031,276
City Water (occupancy fees)	\$ 1,192,771	\$ -	\$ 1,192,771	\$ -	\$ -	\$ -	\$ 1,192,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,192,771
Local Infrastructure	\$ 118,719	\$ -	\$ 118,719	\$ -	\$ -	\$ -	\$ 118,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,719
EDS Rent (Dura-Crete \$0.00/m)	\$ 1,622,737	\$ -	\$ 1,622,737	\$ -	\$ -	\$ -	\$ 1,622,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622,737
Permitting	\$ 21,200	\$ -	\$ 21,200	\$ -	\$ -	\$ -	\$ 21,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,200
Planning and Site Work	\$ 60,375	\$ -	\$ 60,375	\$ 1,422,049	\$ -	\$ -	\$ 60,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,375
Water System on Dura-Crete	\$ 23,311	\$ -	\$ 23,311	\$ -	\$ -	\$ -	\$ 23,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,311
Local Authority Advance	\$ 118,438	\$ -	\$ 118,438	\$ 1,422,049	\$ -	\$ -	\$ 118,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,438
Construction Cost	\$ 1,924,530	\$ -	\$ 1,924,530	\$ 1,422,049	\$ -	\$ -	\$ 1,924,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,924,530
Total	\$ 18,701,897	\$ -	\$ 18,701,897	\$ 1,422,049	\$ 1,000,000	\$ 1	\$ 8,894,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,701,897	
PREVIOUS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Self-Cost	\$ 18,179	\$ -	\$ 18,179	\$ 1,000,000	\$ 1,000,000	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,179
Engineering	\$ 360,009	\$ -	\$ 360,009	\$ 360,009	\$ -	\$ -	\$ 360,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,009
Technical Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact and Tax Incentives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appraisal Studies and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounting and Legal Fees	\$ 48,219	\$ -	\$ 48,219	\$ 48,219	\$ -	\$ -	\$ 48,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,219
Financial and Legal - "CONFIDENTIAL"	\$ 1,444,675	\$ -	\$ 1,444,675	\$ 1,444,675	\$ -	\$ -	\$ 1,444,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,444,675
Permitting and Site Work	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Anti-Competitive Agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Competitive Bidding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction and General Contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Development and Management Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permit	\$ 1,022,367	\$ -	\$ 1,022,367	\$ 1,022,367	\$ -	\$ -	\$ 1,022,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,022,367
V1	\$ 1,098,602	\$ -	\$ 1,098,602	\$ 1,098,602	\$ -	\$ -	\$ 1,098,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,098,602
EDS	\$ 1,122,238	\$ -	\$ 1,122,238	\$ 1,122,238	\$ -	\$ -	\$ 1,122,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,238
Ad-Hoc or One-Off Costs	\$ 197,119	\$ -	\$ 197,119	\$ 197,119	\$ -	\$ -	\$ 197,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,119
Project Management Fees	\$ 20,024	\$ -	\$ 20,024	\$ 20,024	\$ -	\$ -	\$ 20,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,024
DCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 2,854,481	\$ -	\$ 2,854,481	\$ 2,854,481	\$ -	\$ -	\$ 2,854,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,854,481
Financing Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - Interest & Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - Principal (EDS-WT 100%)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wage Labor & Rent (reduced)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 22,244,271	\$ -	\$ 22,244,271	\$ 13,111,486	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 22,244,271	
Approved by:	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	Name	John Doe (Signature)	
Approved by:	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	Name	Jane Smith (Signature)	

John Doe
Jane Smith

HUD GENERAL PROVISIONS

Given that this Loan Agreement involves funds for which the U.S. Department of Housing and Urban Development (**HUD**) is the oversight agency, the following terms and conditions may apply to this Contract. In addition, the Borrower, the General Contractor, the Architect, or any sub-contractor (collectively referred to as 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.

The Borrower must ensure the HUD-4010 requirements are passed along to project contractors and shall ensure project prime contractors are responsive to the Lender's compliance requests, payroll reviews, onsite visits, and corrective actions in a timely manner. Copies of those requirements set forward with their prime contractors should be provided to the Lender's compliance for recordkeeping. Federal wage determinations will also be passed to prime contractors along with local executive orders and local laws impacting wage rates for laborers and mechanics on a construction project as defined in 29 CFR 5.

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 Community Development Block Grant – Mitigation (CDBG-MIT) funds appropriated by the Continuing Appropriations Act of 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 of 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 AGREEMENT TERMS

The Puerto Rico Department of Housing (the "Lender") reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of this 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 2 C.F.R. §§ 200.328-329 (or 200.344-346, if applicable) and § 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 period.

7. 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.

8. 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 timeliness 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.

9. 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 disabled individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

10. 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 their 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.

11. 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.

12. DEBARMENT, SUSPENSION, AND INELIGIBILITY

The Loan Parties represent and warrant that neither they nor their subcontractors are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs subject to 2 C.F.R. Part 2424.

13. CONFLICTS OF INTEREST

The Loan Parties shall notify the Lender as soon as possible if this Agreement 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 with 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.

14. SUBCONTRACTING

The Loan Parties represent 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 the applicable HUD General Provisions in every subcontract issued by them so that such provisions will be binding upon each of their subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors.

15. 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.

16. 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.

17. COPELAND "ANTI-KICKBACK" ACT

The Loan Parties shall comply with the applicable "anti-kickback" regulations under section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 3145), known as the Copeland Act. This regulation applies to any contract which is subject to Federal wage standards and which is for the construction, prosecution, completion, or repair of public buildings, public works or buildings or works financed in whole or in part by loans or grants from the United States. Accordingly, each contractor or subcontractor

engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, each week must provide a copy of its weekly payroll for all laborers and mechanics engaged on work covered by 29 CFR Part 3 and 29 CFR part 5 of this chapter during the preceding weekly payroll period, accompanied by a statement of compliance certifying the accuracy of the weekly payroll information. This statement must be executed by the Loan Parties or by an authorized officer or employee of the contractor or subcontractor who supervises the payment of wages and must be on the back of Form WH-347, "Payroll (For Contractors Optional Use)" or on any form with identical wording.

Each certified payroll required under 29 CFR § 3.3 must be delivered by the Borrower and the General Contractor within seven (7) days after the regular payment date of the payroll period, to a representative at the site of the building or work of the Lender or, if there is no representative of the Lender at the site of the building or work, the statement must be delivered by mail or by any other means normally assuring delivery by the Borrower and the General Contractor, within that 7 day time period, to the Lender. After the certified payrolls have been reviewed in accordance with the contracting Lender's procedures, such certified payrolls must be preserved by the Lender for a period of 3 years after all the work on the prime contract is completed and must be produced for inspection, copying, and transcription by the Department of Labor upon request.

The Loan Parties will abide by federal regulation in 29 CFR § 3.5 regarding permissible payroll deductions and follow guidance on obtaining approval from the Secretary of Labor for additional deductions.

18. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

The Loan Parties shall comply with the provisions 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.

19. DAVIS-BACON ACT (Applicable to public works and contractors meeting the federal definitions found in 29 CFR 5.)

The Loan Parties shall comply with the Davis-Bacon Act (46 Stat. 1494, as amended; 40 USC 3141, et seq.), and its related statutes ("Related Acts") for this contract, in excess of \$2,000, which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the laws referenced by § 5.1.

These federal requirements are found in the HUD-4010 Form as provided in Exhibit N. Accordingly, laborers, mechanics and those covered under these regulations employed by contractors performing work defined in 29 CFR 5, shall be paid wages at rates not less than the locally prevailing wages (including fringe benefits) listed in the Davis-Bacon federal wage determination(s) in the contract Exhibit XXXX for the work performed on this project to comply with Federal requirements of the Davis-Bacon "Related Acts". Additionally, Puerto Rico has local regulation found in Act No. 47-2021 which stipulates a minimum of (\$10.50 per hour, effective July 1, 2024). Contractors will need to comply with the higher wage rate – the prevailing wage rate for laborers, mechanics and those covered under Davis Bacon and Related Acts.

Loan parties will ensure the federal wage determination(s) for this project will be required as an exhibit in the prime and all subtier covered contractor contracts.

Contractors and subcontractors performing work on projects using CDBG-DR and CDBG-MIT funding must additionally comply with the Fair Labor Standards Act of 1938, as amended 29 USC 201 et seq. For additional information on the applicability and requirements, visit the U.S. Department of Labor's Site: <https://www.dol.gov/agencies/whd/fact-sheets/22-flsa-hours-worked>.

20. 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.

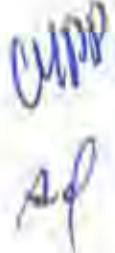
Equal Opportunity for Workers with Disabilities:

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- 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.

21. 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 (Executive Order 11246), entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and supplemented by the Department of Labor regulations (41 C.F.R. Chapter 60).

During the execution of the Loan Agreement, the Loan Parties agree to the following:



- 1) The Loan Parties shall not discriminate against any employee or applicant for employment based on race, color, religion, sex, sexual orientation, gender identity, 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, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, promotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay and other forms of compensation, as well as selection for training, including apprenticeship programs.
- 2) The Loan Parties shall post notices provided by Contracting Officer in conspicuous places accessible to employees and applicants for employment, 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, sexual orientation, gender identity, or national origin.
- 3) The Loan Parties shall state in all solicitations or advertisements for employees placed by or on their behalf that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, 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, 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, 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, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to their 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, 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. However, if 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 intervene in such litigation to protect its interests.

22. 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 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 constitute 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, restrooms and washrooms, 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).

23. CERTIFICATION OF COMPLIANCE WITH CLEAN AIR AND WATER ACTS (Applicable to contracts exceeding \$150,000)

- 1) The Loan Parties agree to comply with all applicable standards, orders, and regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq., and the Clean Water 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 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.

The Loan Parties and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, the Federal Water Pollution Control Act, as amended, 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) An 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 if any notification is 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) An 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.

24. 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:

- 1) No Federal appropriated funds have been 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, or 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 contract documents for all subcontracts at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all awarded applicants 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, as 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.

25. FAIR HOUSING ACT

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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, disability and 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.

26. 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.).

27. HEALTH AND SAFETY STANDARDS

All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or

dangerous to his or her health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies, materials, or articles ordinarily available on the open market, or contracts for transportation.

28. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970 (OSH ACT)

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

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

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

29. PERSONNEL

The Loan Parties represent they have, or will secure at their own expense, all personnel required to perform 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 authorized or permitted under State and local law to perform such services. No person serving a sentence in a penal or correctional institution shall be employed on work under this Contract.

30. WITHHOLDING OF WAGES

If, during 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.

31. 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.

32. 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 for filing any complaint, instituting and proceeding, or testifying in any proceeding under or relating to the labor standards applicable hereunder to their employer.

33. 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.

34. 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.

35. LEAD-BASED PAINT

The Loan Parties must comply with the regulations regarding lead-based paint found in 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-MIT funds.

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 Each Accident 	\$1,000,000 \$1,000,000 \$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 **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 an A Rating or better, and with a financial size of V or higher, 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 these special contractual conditions are subject to:

1. Be authorized to do business within the Commonwealth of Puerto Rico and hold a valid license issued by the Commissioner of Insurance.
2. Maintain a sound financial standing and be classified under the Category of A 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, with each risk coverage premium itemized 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 all insurance policies and/or bonds the full description of the project, work, or service to be rendered.
8. Avoid making amendments to insurance policies and bonds issued under the special conditions mentioned above, unless approved by the Insurance Section of the **PRDOH**.
9. Ensure that all insurance policies or bonds 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 eliminate those exclusions in accordance with our request.
10. Direct any questions regarding insurance requirements by any means of communication with the Insurance Section of the **PRDOH**, under the Legal Division.

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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 sub-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 subcontractors or sub-subcontractors 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 TENDERING PROCEDURE AND SPECIAL INSURANCE CONDITIONS AND BONDS

In the event of any conflict in the description of coverage, 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 HUD 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 or (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
- Environmental Indemnity Agreement
- Security Agreement, Pledge and Assignment
- Pledge and Security Agreement (Reserve Account)
- Account Control Agreement
- Contractor's Consent and Agreement
- UCC-1 Financing Statements (General Security)
- Opinion of Borrower's Counsel

DESCRIPTION OF THE PREMISES

Property #2,989:

"RUSTICA: Parcela de terreno sita en el Barrio Canovanillas del término municipal de Canóvanas, antes, Loíza, Puerto Rico, con una cabida de Setenta y Nueve Punto Veintidós (79.22 cdas.), equivalente a Treinta Una (31) Hectáreas, Trece (13) Áreas, Cuarenta y Seis (46) Centíreas y Ocho (8) Milláreas, o sea Trescientos Once Mil Trescientos Cuarenta y Seis Punto Ocho (311,346.8) Metros Cuadrados, en lindes por el **NORTE**, con la Carretera Estatal número Tres (3), que conduce de Carolina a Río Grande; por el **SUR**, con la parcela segregada para traspasar a San Juan Racing Association Inc.; por el **ESTE**, con terrenos de Canóvanas Industrial Development Corporation, separados en parte de la extensión de la colindancia por el nuevo cauce del Caño Bocaforma y con la parcela segregada para traspasar a San Juan Racing Association Inc.; y por el **OESTE**, con la parcela segregada para traspasar a San Juan Racing Association, Inc.

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Esa descripción surge de su inscripción 7ma. escritura No.24 otorgada en San Juan el 7 de julio de 2917 ante Ivette M. López Figueroa, inscrita al Tomo Karibe de Canóvanas, finca No.2989, inscripción 7ma."

Property 2,989 is recorded in the Registry of Property of Puerto Rico, Third (III) Section of Carolina, at page 212 of volume 50 of Canóvanas.

Exhibit G

Econo- Project Cost Statement

IPG/CDBG-MIT Construction/Installation Loan

Item Description	Scheduled Value (Budget)
Hard Costs	\$8,574,910.00
Total IPG Loan	\$8,574,910.00

1. The IPG loan will be used to cover project's General Contractor cost, while the equity investment portion will cover all other types of costs.

EXHIBIT H

FORM OF REQUISITION

(see attached)

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<u>Contractor Type:</u>	<u>Contractor Name:</u>	<u>Sector:</u>	Economic Development
<input checked="" type="checkbox"/> Entity		<u>Program/Area:</u>	Economic Development Investment Portfolio for Growth
<input type="checkbox"/> Subrecipient		<u>Contract No.:</u>	
<input type="checkbox"/> Contractor	<u>Contractor Address:</u>	<u>Invoice No.:</u>	
		<u>Invoice Date:</u>	[Date]
		<u>Invoice Amount:</u>	\$
	Project: Fleming Hotel		

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 checked="" type="checkbox"/>	Procurement Procedure Compliance Self Certification

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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:

[Authorized Representative's Job Title]	[Authorized Representative's Print]	[Authorized Representative's Signature]	[Date of Signature]
Position	Print Name	Signature	Date

A
CMB
INVOICE
CDBG-DR/MIT
B

Involved To:
 Puerto Rico Department of Housing
 606 Serrallés Aven.
 Juan Cordeiro Building
 San Juan, PR 00918

For Project: _____

Invoice Period:
 Start: [Period]
 End: [Period]

From: _____

For Invoice: _____

Yard Contract #:
 No.: 7

0.

Contract No.: 3
 Invoice No.: 1
 Date: [Date]

PRDOH Activity	PRDOH COA	Activity Description	Contracted Amount	Previous		This Invoice		Total To Date		Balance	
				Amount	%	Amount	%	Amount	%	Amount	%
			\$	3	0.0%	0.00	\$	0.00	\$	100.00	
				0.00	0.0%	0.00		0.00		100.00	
		Total	\$	3	0.0%	0.00	\$	0.00	\$	100.00	

EXECUTIVE ORDER 2001-72 STATEMENT
<p>"Under penalty of absolute nullity, I hereby certify that no public servant of the government entity is a party to or has an interest of any kind in the profits or benefits to be obtained under the contract which is the basis of this invoice, and should he be a party to, or have an interest in, the profits or benefits to be obtained under the contract, a waiver has been previously issued. The only consideration to provide the contracted goods or services under the contract is the payment agreed upon with the authorized representative of the government entity. The amount that appears in the invoice is fair and correct. The work has been performed, the goods have been delivered, and the services have been rendered, and no payment has been received therefor."</p>

DAVIS-BACON ACT STATEMENT (if applicable)
<input type="checkbox"/> <input checked="" type="checkbox"/> I hereby Certify Compliance with the Davis-Bacon Act
SECTION 3 STATEMENT
<input type="checkbox"/> <input checked="" type="checkbox"/> I hereby Certify Compliance with the Section 3
INSURANCE AND GOVERNMENT CERTIFICATIONS (if applicable)
<input type="checkbox"/> <input checked="" type="checkbox"/> I hereby Certify Compliance with local Government Entities and insurances coverage as agreed in Contract

Certified by Authorized Representative:

[Name of Representative/Title]
 Position: _____

[Authorized Representative's Name]
 Position: _____

[Authorized Representative's Signature]
 Signature: _____

[Date of Signature]
 Date: _____



AP
CWA

DEVELOPERS INVOICES
Economic Development
Economic Development Investment Portfolio for Growth

Contractor Name: | Contract No.: | Invoice No.:
Invoice Period: [Period] to [Period]

Line Item	Vendor	Description	Invoice number	Invoice Total	CDBG-DR Invoice Amount
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
			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 applicable; (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:

(Authorized Representative Signature)

(Authorized Representative Name)

Date



AP CTA

LOANS
Economic Development
Economic Development Investment Portfolio for Growth

Contractor Name: | Contract No.: | Invoice No.:
Invoice Period: [Period] to [Period]

Draw Number	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:

[Authorized Representative Signature]

(Authorized Representative Name)

Date

EXHIBIT I

AMORTIZATION TABLE

(see attached)

*CHW
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Debtor: Supermecados Econo, Inc.

Principal: \$8,574,910.00
 Interest: 2.00% Per annum
 Term: 10 Years
 Interest only: 38 Months
 Monthly Payment \$78,900.71 P&I

% Principal Paid	Month	Principal	Additional Payments	Interest	Balance
Disbursement =>					\$8,574,910.00
0.00%	38	-	-	543,077.63	8,574,910.00
0.75%	39	64,609.19	-	14,291.52	8,510,300.81
1.51%	40	64,716.87	-	14,183.83	8,445,583.93
2.26%	41	64,824.74	-	14,075.97	8,380,759.20
3.02%	42	64,932.78	-	13,967.93	8,315,826.42
3.78%	43	65,041.00	-	13,859.71	8,250,785.42
4.54%	44	65,149.40	-	13,751.31	8,185,636.03
5.30%	45	65,257.98	-	13,642.73	8,120,378.04
6.06%	46	65,366.75	-	13,533.96	8,055,011.30
6.83%	47	65,475.69	-	13,425.02	7,989,535.61
7.59%	48	65,584.82	-	13,315.89	7,923,950.79
8.36%	49	65,694.12	-	13,206.58	7,858,256.67
9.12%	50	65,803.61	-	13,097.09	7,792,453.05
9.89%	51	65,913.29	-	12,987.42	7,726,539.77
10.66%	52	66,023.14	-	12,877.57	7,660,516.63
11.43%	53	66,133.18	-	12,767.53	7,594,383.44
12.21%	54	66,243.40	-	12,657.31	7,528,140.04
12.98%	55	66,353.81	-	12,546.90	7,461,786.23
13.76%	56	66,464.40	-	12,436.31	7,395,321.84
14.53%	57	66,575.17	-	12,325.54	7,328,746.66
15.31%	58	66,686.13	-	12,214.58	7,262,060.53
16.09%	59	66,797.27	-	12,103.43	7,195,263.26
16.87%	60	66,908.60	-	11,992.11	7,128,354.65
17.65%	61	67,020.12	-	11,880.59	7,061,334.54
18.43%	62	67,131.82	-	11,768.89	6,994,202.72
19.22%	63	67,243.70	-	11,657.00	6,926,959.02
20.00%	64	67,355.78	-	11,544.93	6,859,603.24
20.79%	65	67,468.04	-	11,432.67	6,792,135.20
21.58%	66	67,580.48	-	11,320.23	6,724,554.72
22.37%	67	67,693.12	-	11,207.59	6,656,861.60
23.16%	68	67,805.94	-	11,094.77	6,589,055.66
23.95%	69	67,918.95	-	10,981.76	6,521,136.71

% Principal Paid	Month	Principal	Additional Payments	Interest	Balance
24.74%	70	68,032.15	-	10,868.56	6,453,104.57
25.54%	71	68,145.53	-	10,755.17	6,384,959.03
26.34%	72	68,259.11	-	10,641.60	6,316,699.92
27.13%	73	68,372.88	-	10,527.83	6,248,327.05
27.93%	74	68,486.83	-	10,413.88	6,179,840.22
28.73%	75	68,600.97	-	10,299.73	6,111,239.24
29.53%	76	68,715.31	-	10,185.40	6,042,523.93
30.34%	77	68,829.84	-	10,070.87	5,973,694.10
31.14%	78	68,944.55	-	9,956.16	5,904,749.54
31.94%	79	69,059.46	-	9,841.25	5,835,690.09
32.75%	80	69,174.56	-	9,726.15	5,766,515.53
33.56%	81	69,289.85	-	9,610.86	5,697,225.68
34.37%	82	69,405.33	-	9,495.38	5,627,820.34
35.18%	83	69,521.01	-	9,379.70	5,558,299.34
35.99%	84	69,636.88	-	9,263.83	5,488,662.46
36.81%	85	69,752.94	-	9,147.77	5,418,909.52
37.62%	86	69,869.19	-	9,031.52	5,349,040.33
38.44%	87	69,985.64	-	8,915.07	5,279,054.69
39.25%	88	70,102.28	-	8,798.42	5,208,952.40
40.07%	89	70,219.12	-	8,681.59	5,138,733.28
40.89%	90	70,336.15	-	8,564.56	5,068,397.13
41.71%	91	70,453.38	-	8,447.33	4,997,943.75
42.54%	92	70,570.80	-	8,329.91	4,927,372.95
43.36%	93	70,688.42	-	8,212.29	4,856,684.53
44.19%	94	70,806.23	-	8,094.47	4,785,878.29
45.01%	95	70,924.24	-	7,976.46	4,714,954.05
45.84%	96	71,042.45	-	7,858.26	4,643,911.60
46.67%	97	71,160.86	-	7,739.85	4,572,750.74
47.50%	98	71,279.46	-	7,621.25	4,501,471.28
48.34%	99	71,398.26	-	7,502.45	4,430,073.03
49.17%	100	71,517.25	-	7,383.46	4,358,555.77
50.01%	101	71,636.45	-	7,264.26	4,286,919.32
50.84%	102	71,755.84	-	7,144.87	4,215,163.48
51.68%	103	71,875.44	-	7,025.27	4,143,288.05
52.52%	104	71,995.23	-	6,905.48	4,071,292.82
53.36%	105	72,115.22	-	6,785.49	3,999,177.60
54.20%	106	72,235.41	-	6,665.30	3,926,942.18
55.05%	107	72,355.80	-	6,544.90	3,854,586.38
55.89%	108	72,476.40	-	6,424.31	3,782,109.98
56.74%	109	72,597.19	-	6,303.52	3,709,512.79
57.59%	110	72,718.19	-	6,182.52	3,636,794.60

% Principal Paid	Month	Principal	Additional Payments	Interest	Balance
58.44%	111	72,839.38	-	6,061.32	3,563,955.22
59.29%	112	72,960.78	-	5,939.93	3,490,994.43
60.14%	113	73,082.38	-	5,818.32	3,417,912.05
60.99%	114	73,204.19	-	5,696.52	3,344,707.86
61.85%	115	73,326.20	-	5,574.51	3,271,381.67
62.71%	116	73,448.41	-	5,452.30	3,197,933.26
63.56%	117	73,570.82	-	5,329.89	3,124,362.44
64.42%	118	73,693.44	-	5,207.27	3,050,669.00
65.28%	119	73,816.26	-	5,084.45	2,976,852.74
66.15%	120	73,939.29	-	4,961.42	2,902,913.46
67.01%	121	74,062.52	-	4,838.19	2,828,850.94
67.88%	122	74,185.96	-	4,714.75	2,754,664.98
68.74%	123	74,309.60	-	4,591.11	2,680,355.38
69.61%	124	74,433.45	-	4,467.26	2,605,921.93
70.48%	125	74,557.51	-	4,343.20	2,531,364.42
71.35%	126	74,681.77	-	4,218.94	2,456,682.66
72.22%	127	74,806.24	-	4,094.47	2,381,876.42
73.10%	128	74,930.91	-	3,969.79	2,306,945.50
73.97%	129	75,055.80	-	3,844.91	2,231,889.70
74.85%	130	75,180.89	-	3,719.82	2,156,708.81
75.73%	131	75,306.19	-	3,594.51	2,081,402.62
76.61%	132	75,431.70	-	3,469.00	2,005,970.91
77.49%	133	75,557.42	-	3,343.28	1,930,413.49
78.37%	134	75,683.35	-	3,217.36	1,854,730.14
79.25%	135	75,809.49	-	3,091.22	1,778,920.65
80.14%	136	75,935.84	-	2,964.87	1,702,984.81
81.03%	137	76,062.40	-	2,838.31	1,626,922.41
81.92%	138	76,189.17	-	2,711.54	1,550,733.23
82.81%	139	76,316.15	-	2,584.56	1,474,417.08
83.70%	140	76,443.35	-	2,457.36	1,397,973.73
84.59%	141	76,570.75	-	2,329.96	1,321,402.98
85.48%	142	76,698.37	-	2,202.34	1,244,704.61
86.38%	143	76,826.20	-	2,074.51	1,167,878.41
87.28%	144	76,954.24	-	1,946.46	1,090,924.17
88.18%	145	77,082.50	-	1,818.21	1,013,841.66
89.08%	146	77,210.97	-	1,689.74	936,630.69
89.98%	147	77,339.66	-	1,561.05	859,291.03
90.88%	148	77,468.56	-	1,432.15	781,822.48
91.79%	149	77,597.67	-	1,303.04	704,224.81
92.69%	150	77,727.00	-	1,173.71	626,497.81
93.60%	151	77,856.55	-	1,044.16	548,641.26

% Principal Paid	Month	Principal	Additional Payments	Interest	Balance
94.51%	152	77,986.31	-	914.40	470,654.95
95.42%	153	78,116.28	-	784.42	392,538.67
96.33%	154	78,246.48	-	654.23	314,292.19
97.25%	155	78,376.89	-	523.82	235,915.30
98.16%	156	78,507.52	-	393.19	157,407.79
99.08%	157	78,638.36	-	262.35	78,769.43
100.00%	158	78,769.43	-	131.28	0.00

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FORM OF INTERIM NOTE
PROMISSORY NOTE

VALUE: \$8,574,910.00

DATE: [_____]

MM
AP

FOR VALUE RECEIVED, the undersigned (hereinafter, the "Borrower") 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 **EIGHT MILLION FIVE HUNDRED SEVENTY FOUR THOUSAND NINE HUNDRED TEN DOLLARS (\$8,574,910.00)** 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 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.

CWP
ASL

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 December, 2025.

SUPERMERCADOS ECONO INC.

By: _____

Name: _____

Title: _____

Affidavit No. _____

Acknowledged and subscribed before me by Awilda Quiñones Ramos, of legal age, married, executive and resident of Caguas, Puerto Rico, as President of Supermercados Econo Inc., to me personally know.

In San Juan, Puerto Rico, this ___ day of December, 2025.

WMP
AP

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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FORM OF TERM NOTE
PROMISSORY NOTE

\$8,574,910.00

Date of Issuance: [_____]

CMW
AP

FOR VALUE RECEIVED, **SUPERMERCADOS ECONO INC.**, a corporation 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 **EIGHT MILLION FIVE HUNDRED SEVENTY FOUR THOUSAND NINE HUNDRED TEN DOLLARS (\$8,574,910.00)**, 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 – Mitigation (CDBG-MIT) Loan Agreement for Economic Development Investment Portfolio for Growth – Lifeline Mitigation Program*, dated as of the day of December, 2025 (as modified, 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.

SUPERMERCADOS ECONO INC.

By: _____

Name: _____

Title: _____

WHR
Affidavit No. _____

AW
Acknowledged and subscribed before me by Awilda Quiñones Ramos, of legal age, married, executive and resident of San Juan, Puerto Rico, as President of Supermercados Econo Inc., to me personally know.

In San Juan, Puerto Rico, this ___ day of December, 2025.

Notary Public

LOAN FORGIVENESS REQUIREMENTS

A project that meets specific program goals will be eligible to have up to one hundred percent (100%) of their remaining loan balance forgiven upon satisfactory performance against grant milestones or payments of the required portion of the loan. The percentage or amount to be forgiven will not exceed the remaining loan balance at the time the performance or grant milestone is achieved. 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:

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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 through LMI Area Benefit, LMI Job Creation, or LMI Limited Clientele. ¹	If yes, twenty percent (20%) of the award amount is forgiven.
2) Above 10% of owner equity	For every additional one percent (1%) of owners' equity included in the project's overall financing structure, one percent (1%) of the loan will be forgiven incrementally.	One percent (1%) of the awarded amount is forgiven for every one percent (1%) of owner equity increment met, with a max of twenty percent (20%).
3) Job Creation Benefit	Projects with added economic benefits in the form of full-time equivalent (FTE) positions will be considered for additional forgiveness. Two hundred thousand	\$200,000/per FTE capped at \$6 million

¹ Borrowers are encouraged to voluntarily implement HUD Section 3 requirements as outlined in the Section 3 Policy as a best practice to support economic opportunities for LMI individuals, thereby reinforcing compliance with the LMI national objective even in instances where Section 3 compliance is not mandated.

For more information about Section 3, refer to the CDBG-DR/MIT Section 3 Policy available in English and Spanish at <https://recuperacion.pr.gov/en/download/section-3-policy/> and <https://recuperacion.pr.gov/download/politica-sobre-seccion-3/>.

	<p>dollars (\$200,000) per job created will be forgiven, capped at six million (\$6,000,000).</p>	
4) Project Delivery Timeline	<p>Projects completed on schedule with the work plan delivered in connection with the Loan Agreement will have an opportunity for loan forgiveness. The Program will also have a pre-established percentage of schedule overrun to give the opportunity for loan forgiveness even if the project is not completed on schedule. The baseline schedule used for this calculation will be the work plan delivered in connection with the loan agreement. The project milestones completed will not be evaluated nor influence the forgiveness. The actual end date for substantial completion of the project will be the criterion to be considered, as compared to the baseline schedule.</p>	<p>On Schedule = 20% forgiveness 10% schedule overrun = 10% forgiveness 15% schedule overrun = 5% forgiveness 20% schedule overrun = 2% forgiveness</p>
5) Project Cost	<p>Projects demonstrating good preparation and stewardship by completing work on budget shall be awarded forgiveness at fifteen percent (15%). Unanticipated and/or unmanaged costs shall be considered for forgiveness at a lower percentage within reason.</p>	<p>At Cost = 15% forgiveness 10% overrun = 10% forgiveness 15% overrun = 5% forgiveness 20% overrun = 2% forgiveness</p>
6) Gap in Funding	<p>Projects providing mitigation solutions otherwise precluded from participation in other CDBG-MIT programs will have fifteen percent (15%) of the award amount forgiven upon completion. If the entity is awarded additional funding from</p>	<p>0 programs = 15% 1 program = 10% 2 programs = 5%</p>



	<p>one (1) CDBG-MIT program in addition to IPGM and that does not incur a duplication of benefit, it will have ten percent (10%) of the award amount forgiven. If the entity is awarded funding from two (2) CDBG-MIT Programs in addition to IPGM, it will receive five percent (5%) of loan forgiveness.</p>	
7) Strengthening of Community Lifelines	<p>Due to the dependent and interdependent nature of community lifelines, IPGM envisions funding projects that contribute to the overall strengthening of all lifelines. Therefore, projects providing mitigation solutions to at least one (1) of the following lifelines and critical infrastructure will receive a fifteen percent (15%) loan forgiveness upon completion:</p> <ul style="list-style-type: none"> • Communications • Transportation • Solid Waste Management • Energy • Food, Water and Shelter 	<p>Fifteen percent (15%) of the awarded amount is forgiven if the project impacts at least one (1) of the lifelines listed.</p>

**Forgiveness equals the total from items one (1) through seven (7).
The maximum loan forgiveness is capped at one hundred percent (100%) 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 for LMI** (as established in Section 3.12 of this Loan Agreement): Calculated at the Conversion Date.
2. **As to the criteria for owner's Equity Contribution above 10%**: Calculated no later than the Conversion Date.

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3. **As to the criteria for Job Creation Benefit:** Calculated no later than **one hundred and twenty (120) days** after the **Conversion Date**. The Borrower will provide evidence acceptable to the Lender of its compliance with this requirement within **thirty (30) days** after meeting this criteria.
4. **As to the criteria for Project Delivery Timeline:** Calculated no later than the **Conversion Date**.
5. **As to the criteria for Project Cost:** Calculated no later than the **Conversion Date**.
6. **As to the criteria for Gap in Funding:** Calculated no later than the **Conversion Date**.
7. **As to the criteria for Strengthening of Community Lifelines:** Calculated no later than the **Conversion Date**.

Further, the Term Loan forgiveness, if any, will be applied strictly to the outstanding principal balance of the Term Loan on the Term Loan Maturity Date in a one time event that will be executed in a single transaction. Forgiveness will not apply retroactively to any incurred interest.

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:

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- (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, in lieu thereof, has subscribed to 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 it has subscribed to 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 its Merchant's Registry Certificate ("Certificado de Registro de Comerciante") and a Certification that it has complied with the filing of monthly sales and use tax (IVU) returns and has no outstanding IVU 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 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. The Borrower must provide the Lender with a certificate of no debt for unemployment benefits and social security for chauffeurs, if applicable, or that, in lieu thereof, has subscribed to 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 contractor and subcontractor 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.

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- (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 regard 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 regard 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. The 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 LPRA § 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".

CFSE

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PROSPERA

- (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 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 of August 12, 2000, as amended, 8 LPRA § 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 of January 3, 2012, as amended, 3 LPRA § 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) Compliance with Act No. 18 of October 30, 1975, as amended, 2 LPRA §§ 97-98. The Parties to this Agreement agree that its effective date will be subject to the due registration and remittance to the Office of the Comptroller of Puerto Rico. No rendering or consideration subject to 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*.

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- (k) Ethics: The Borrower acknowledges receipt and agrees to obey Act No. 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."
- (l) Certification of No Criminal Record: 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, the 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.
 - 2. It understands and accepts that any guilty plea or conviction for any of the crimes specified in Article 3 of said Act will 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 publics 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 subsection. Moreover, the Borrower agrees to notify the

Lender should any employee, official, or agent be 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.

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- (m) Puerto Rico Department of State: The 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. The Borrower must deliver to the Lender a Good Standing Certificate as of the date hereof. If the Borrower is not organized under the laws of Puerto Rico, a Certification of Authorization to do Business in Puerto Rico will be required.
- (n) 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 sums of money received under this Agreement.

SUBROGATION AND ASSIGNMENT PROVISIONS

1. General Provisions.

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- 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.

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

- 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-MIT disaster recovery funds (the "**Loan Proceeds**") under the program being administered by the Lender.
- b) The 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. The 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) The Borrower hereby subrogates and assigns to the Lender any and all of Borrower's future rights to, and any interest the 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 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**.

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- b) The 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, the Borrower will notify the Lender within **ten (10) business days** of receipt of the funds by sending a written notification to EcoRecCDBG@vivlenda.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.

- a) If the Lender elects to pursue any of the claims the Borrower has or may have under any Policies, the Borrower agrees to assist and cooperate with the Lender. The Borrower's assistance and cooperation shall include, but shall not be limited to, allowing suit to be brought in the 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. The 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.

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- b) If requested by the Lender, the 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 the 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. The 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) The Borrower expressly allows and authorizes the Lender to request information from any company with which the 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 the Borrower (or, to the extent permitted by superior loan documents, any lender to which DOB Proceeds are payable) hereafter receives any DOB Proceeds, the Borrower agrees to promptly pay such amounts to the Lender, if the Borrower received Grant Proceeds under the Program in an amount greater than the amount the Borrower would have received if such DOB Proceeds had been considered in the calculation of the Borrower's award.
- b) In the event that the Borrower receives or is scheduled to receive any Proceeds not listed on its Duplication of Benefits Certification (**Subsequent Proceeds**), the 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:

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- (i) If the Borrower has received full payment of the Grant Proceeds, the 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 the Borrower has received no payment of the Grant Proceeds, the Lender shall reduce the payment of the Grant Proceeds to the Borrower by the amount of the Subsequent DOB Proceeds and shall return all Subsequent Proceeds in excess of the Subsequent DOB Proceeds to the Borrower.
- (iii) If the 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) the 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 the Borrower does not qualify to participate in the program or the Borrower decides not to participate in the program, the Lender shall return the Subsequent Proceeds to the Borrower, and the Agreement shall terminate.

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

5. Miscellaneous.

- a) The Borrower hereby represents that all statements and representations made by the 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.

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- 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 subrogations 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) The 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) The Borrower acknowledges that they have been informed and understand the penalties for making a materially false or misleading statement to obtain CDBG-MIT funds under the program or any other of the Lender's programs.
- i) **Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. §§ 287, 1001 and 31 U.S.C. § 3729.**

EXHIBIT N

**HUD FORM 4010
FEDERAL LABOR STANDARDS PROVISIONS**

(see attached)

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A. APPLICABILITY

The Project or Program to which the construction work covered by this Contract pertains is being assisted by the United States of America, and the following Federal Labor Standards Provisions are included in this Contract pursuant to the provisions applicable to such Federal assistance.

1. Minimum wages and fringe benefits

i. All laborers and mechanics employed or working upon the site of the work (or otherwise working in construction or development of the project under a development statute), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of basic hourly wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. As provided in 29 CFR 5.5(d) and (e), the appropriate wage determinations are effective by operation of law even if they have not been attached to the contract. Contributions made or costs reasonably anticipated for bona fide fringe benefits under the Davis-Bacon Act (40 U.S.C. 3141(2)(B)) on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(v) of these contract clauses; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics must be paid the appropriate wage rate and fringe benefits on the wage determination for the classification(s) of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: *Provided*, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classifications and wage rates conformed under 29 CFR 5.5(a)(1)(iii)) and the Davis-Bacon poster (WH-1321) must be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

ii. Frequently recurring classifications

A. In addition to wage and fringe benefit rates that have been determined to be prevailing under the procedures set forth in 29 CFR part 1, a wage determination may contain, pursuant to § 1.3(f), wage and fringe benefit rates for classifications of laborers and mechanics for which conformance requests are regularly submitted pursuant to 29 CFR 5.5(a)(1)(iii), provided that:

1. The work performed by the classification is not performed by a classification in the wage determination for which a prevailing wage rate has been determined;
2. The classification is used in the area by the construction industry; and
3. The wage rate for the classification bears a reasonable relationship to the prevailing wage rates contained in the wage determination.

B. The Administrator will establish wage rates for such classifications in accordance with 29 CFR 5.5(a)(1)(iii)(A)(3). Work performed in such a classification must be paid at no less than the wage and fringe benefit rate listed on the wage determination for such classification.

iii. Conformance

A. The contracting officer must require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract be

classified in conformance with the wage determination. Conformance of an additional classification and wage rate and fringe benefits is appropriate only when the following criteria have been met:

1. The work to be performed by the classification requested is not performed by a classification in the wage determination; and
2. The classification is used in the area by the construction industry; and
3. The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

B. The conformance process may not be used to split, subdivide, or otherwise avoid application of classifications listed in the wage determination.

C. If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken will be sent by the contracting officer by email to DBAconformance@dol.gov. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

D. In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer will, by email to DBAconformance@dol.gov, refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

E. The contracting officer must promptly notify the contractor of the action taken by the Wage and Hour Division under 29 CFR 5.5 (a)(1)(iii)(C) and (D). The contractor must furnish a written copy of such determination to each affected worker or it must be posted as a part of the wage determination. The wage rate (including fringe benefits where appropriate) determined pursuant to 29 CFR 5.5 (a)(1)(iii)(C) or (D) must be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

iv. Fringe benefits not expressed as an hourly rate

Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor may either pay the benefit as stated in the wage determination or may pay another bona fide fringe benefit or an hourly cash equivalent thereof.

v. Unfunded plans

If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, *Provided*, That the Secretary of Labor has found, upon the written request of the contractor, in accordance with the criteria set forth in 29 CFR 5.28, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

vi. Interest In the event of a failure to pay all or part of the wages required by the contract, the contractor will be required to pay interest on any underpayment of wages.

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2. Withholding

i. Withholding requirements

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The U. S. Department of Housing and Urban Development may, upon its own action, or must, upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor so much of the accrued payments or advances as may be considered necessary to satisfy the liabilities of the prime contractor or any subcontractor for the full amount of wages and monetary relief, including interest, required by the clauses set forth in 29 CFR 5.5(a) for violations of this contract, or to satisfy any such liabilities required by any other Federal contract, or federally assisted contract subject to Davis-Bacon labor standards, that is held by the same prime contractor (as defined in 29 CFR 5.2). The necessary funds may be withheld from the contractor under this contract, any other Federal contract with the same prime contractor, or any other federally assisted contract that is subject to Davis-Bacon labor standards requirements and is held by the same prime contractor, regardless of whether the other contract was awarded or assisted by the same agency, and such funds may be used to satisfy the contractor liability for which the funds were withheld. In the event of a contractor's failure to pay any laborer or mechanic, including any apprentice or helper working on the site of the work (or otherwise working in construction or development of the project under a development statute) all or part of the wages required by the contract, or upon the contractor's failure to submit the required records as discussed in 29 CFR 5.5(a)(3)(iv), HUD may on its own initiative and after written notice to the contractor, sponsor, applicant, owner, or other entity, as the case may be, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

ii. Priority to withheld funds

The Department has priority to funds withheld or to be withheld in accordance with 29 CFR 5.5(a)(2)(i) or (b)(3)(i), or both, over claims to those funds by:

- A. A contractor's surety(ies), including without limitation performance bond sureties and payment bond sureties;
- B. A contracting agency for its reprocurement costs;
- C. A trustee(s) (either a court-appointed trustee or a U.S. trustee, or both) in bankruptcy of a contractor, or a contractor's bankruptcy estate;
- D. A contractor's assignee(s);
- E. A contractor's successor(s); or
- F. A claim asserted under the Prompt Payment Act, 31 U.S.C. 3901-3907.

3. Records and certified payrolls

i. Basic record requirements

- A. **Length of record retention.** All regular payrolls and other basic records must be maintained by the contractor and any subcontractor during the course of the work and preserved for all laborers and mechanics working at the site of the work (or otherwise working in construction or development of the project under a development statute) for a period of at least 3 years after all the work on the prime contract is completed.
- B. **Information required** Such records must contain the name; Social Security number; last known address, telephone number, and email address of each such worker; each worker's correct classification(s) of work actually performed; hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in 40 U.S.C. 3141(2)(B) of the Davis-Bacon Act); daily and weekly number of hours actually worked in total and on each covered contract; deductions made; and actual wages paid.
- C. **Additional records relating to fringe benefits.** Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(v) that the wages of any laborer or mechanic include the amount of any

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costs reasonably anticipated in providing benefits under a plan or program described in 40 U.S.C. 3141(2)(B) of the Davis-Bacon Act, the contractor must maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits.

D. Additional records relating to apprenticeship Contractors with apprentices working under approved programs must maintain written evidence of the registration of apprenticeship programs, the registration of the apprentices, and the ratios and wage rates prescribed in the applicable programs.

ii. Certified payroll requirements

A. Frequency and method of submission The contractor or subcontractor must submit weekly, for each week in which any DBA- or Related Acts-covered work is performed, certified payrolls to HUD if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the certified payrolls to the applicant, sponsor, owner, or other entity, as the case may be, that maintains such records, for transmission to HUD. The prime contractor is responsible for the submission of all certified payrolls by all subcontractors. A contracting agency or prime contractor may permit or require contractors to submit certified payrolls through an electronic system, as long as the electronic system requires a legally valid electronic signature; the system allows the contractor, the contracting agency, and the Department of Labor to access the certified payrolls upon request for at least 3 years after the work on the prime contract has been completed; and the contracting agency or prime contractor permits other methods of submission in situations where the contractor is unable or limited in its ability to use or access the electronic system.

B. Information required The certified payrolls submitted must set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i)(B), except that full Social Security numbers and last known addresses, telephone numbers, and email addresses must not be included on weekly transmittals. Instead, the certified payrolls need only include an individually identifying number for each worker (e.g., the last four digits of the worker's Social Security number). The required weekly certified payroll information may be submitted using Optional Form WH-347 or in any other format desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/wh347.pdf> or its successor website. It is not a violation of this section for a prime contractor to require a subcontractor to provide full Social Security numbers and last known addresses, telephone numbers, and email addresses to the prime contractor for its own records, without weekly submission by the subcontractor to the sponsoring government agency (or the applicant, sponsor, owner, or other entity, as the case may be, that maintains such records).

C. Statement of Compliance Each certified payroll submitted must be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor, or the contractor's or subcontractor's agent who pays or supervises the payment of the persons working on the contract, and must certify the following:

1. That the certified payroll for the payroll period contains the information required to be provided under 29 CFR 5.5(a)(3)(ii), the appropriate information and basic records are being maintained under 29 CFR 5.5(a)(3)(i), and such information and records are correct and complete;
2. That each laborer or mechanic (including each helper and apprentice) working on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly.

from the full wages earned, other than permissible deductions as set forth in 29 CFR part 3; and

3. That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification(s) of work actually performed, as specified in the applicable wage determination incorporated into the contract.
- D. **Use of Optional Form WH-347** The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 will satisfy the requirement for submission of the "Statement of Compliance" required by 29 CFR 5.5(a)(3)(ii)(C).
- E. **Signature** The signature by the contractor, subcontractor, or the contractor's or subcontractor's agent must be an original handwritten signature or a legally valid electronic signature.
- F. **Falsification** The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under 18 U.S.C. 1001 and 31 U.S.C. 3729.
- G. **Length of certified payroll retention** The contractor or subcontractor must preserve all certified payrolls during the course of the work and for a period of 3 years after all the work on the prime contract is completed.

iii. **Contracts, subcontracts, and related documents** The contractor or subcontractor must maintain this contract or subcontract and related documents including, without limitation, bids, proposals, amendments, modifications, and extensions. The contractor or subcontractor must preserve these contracts, subcontracts, and related documents during the course of the work and for a period of 3 years after all the work on the prime contract is completed.

iv. **Required disclosures and access**

- A. **Required record disclosures and access to workers** The contractor or subcontractor must make the records required under 29 CFR 5.5(a)(3)(i)-(iii), and any other documents that HUD or the Department of Labor deems necessary to determine compliance with the labor standards provisions of any of the applicable statutes referenced by 29 CFR 5.1, available for inspection, copying, or transcription by authorized representatives of HUD or the Department of Labor, and must permit such representatives to interview workers during working hours on the job.
- B. **Sanctions for non-compliance with records and worker access requirements** If the contractor or subcontractor fails to submit the required records or to make them available, or refuses to permit worker interviews during working hours on the job, the Federal agency may, after written notice to the contractor, sponsor, applicant, owner, or other entity, as the case may be, that maintains such records or that employs such workers, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available, or to permit worker interviews during working hours on the job, may be grounds for debarment action pursuant to 29 CFR 5.12. In addition, any contractor or other person that fails to submit the required records or make those records available to WHD within the time WHD requests that the records be produced will be precluded from introducing as evidence in an administrative proceeding under 29 CFR part 6 any of the required records that were not provided or made available to WHD. WHD will take into consideration a reasonable request from the contractor or person for an extension of the time for submission of records. WHD will determine the reasonableness of the request and may consider, among other things, the location of the records and the volume of production.
- C. **Required information disclosures** Contractors and subcontractors must maintain the full Social Security number and last known address, telephone number, and email address of each covered worker, and must provide them upon request to HUD if the agency is a party to

the contract, or to the Wage and Hour Division of the Department of Labor. If the Federal agency is not such a party to the contract, the contractor, subcontractor, or both, must, upon request, provide the full Social Security number and last known address, telephone number, and email address of each covered worker to the applicant, sponsor, owner, or other entity, as the case may be, that maintains such records, for transmission to HUD, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or other compliance action.

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4. Apprentices and equal employment opportunity

i. Apprentices

- A. **Rate of pay** Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship (OA), or with a State Apprenticeship Agency recognized by the OA. A person who is not individually registered in the program, but who has been certified by the OA or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice, will be permitted to work at less than the predetermined rate for the work they perform in the first 90 days of probationary employment as an apprentice in such a program. In the event the OA or a State Apprenticeship Agency recognized by the OA withdraws approval of an apprenticeship program, the contractor will no longer be permitted to use apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.
- B. **Fringe benefits** Apprentices must be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringe benefits must be paid in accordance with that determination.
- C. **Apprenticeship ratio** The allowable ratio of apprentices to journeymen on the job site in any craft classification must not be greater than the ratio permitted to the contractor as to the entire work force under the registered program or the ratio applicable to the locality of the project pursuant to 29 CFR 5.5(a)(4)(i)(D). Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated in 29 CFR 5.5(a)(4)(i)(A), must be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under this section must be paid not less than the applicable wage rate on the wage determination for the work actually performed.
- D. **Reciprocity of ratios and wage rates** Where a contractor is performing construction on a project in a locality other than the locality in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyworker's hourly rate) applicable within the locality in which the construction is being performed must be observed. If there is no applicable ratio or wage rate for the locality of the project, the ratio and wage rate specified in the contractor's registered program must be observed.

ii. **Equal employment opportunity** The use of apprentices and journeymen under this part must be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

5 **Compliance with Copeland Act requirements.** The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

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6 Subcontracts. The contractor or subcontractor must insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (11), along with the applicable wage determination(s) and such other clauses or contract modifications as the U.S. Department of Housing and

Urban Development may by appropriate instructions require, and a clause requiring the subcontractors to include these clauses and wage determination(s) in any lower tier subcontracts. The prime contractor is responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this section. In the event of any violations of these clauses, the prime contractor and any subcontractor(s) responsible will be liable for any unpaid wages and monetary relief, including interest from the date of the underpayment or loss, due to any workers of lower-tier subcontractors, and may be subject to debarment, as appropriate.

7 Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8 Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

9 Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

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10. Certification of eligibility.

- i. By entering into this contract, the contractor certifies that neither it nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of 40 U.S.C. 3144(b) or 29 CFR 5.12(a).
- ii. No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of 40 U.S.C. 3144(b) or 29 CFR 5.12(a).
- iii. The penalty for making false statements is prescribed in the U.S. Code, Title 18 Crimes and Criminal Procedure, 18 U.S.C. 1001.

11 Anti-retaliation It is unlawful for any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, or to cause any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, any worker or job applicant for:

- i. Notifying any contractor of any conduct which the worker reasonably believes constitutes a violation of the DBA, Related Acts, or 29 CFR parts 1, 3, or 5;
- ii. Filing any complaint, initiating or causing to be initiated any proceeding, or otherwise asserting or seeking to assert on behalf of themselves or others any right or protection under the DBA, Related Acts, or 29 CFR parts 1, 3, or 5;
- iii. Cooperating in any investigation or other compliance action, or testifying in any proceeding under the DBA, Related Acts, or 29 CFR parts 1, 3, or 5; or
- iv. Informing any other person about their rights under the DBA, Related Acts, or 29 CFR parts 1, 3, or 5.

B. Contract Work Hours and Safety Standards Act (CWHSSA)

The Agency Head must cause or require the contracting officer to insert the following clauses set forth in 29 CFR 5.5(b)(1), (2), (3), (4), and (5) in full, or (for contracts covered by the Federal Acquisition Regulation) by reference, in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses must

be inserted in addition to the clauses required by 29 CFR 5.5(a) or 4.6. As used in this paragraph, the terms "laborers and mechanics" include watchpersons and guards.

1. **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
2. **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the clause set forth in 29 CFR 5.5(b)(1) the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages and interest from the date of the underpayment. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchpersons and guards, employed in violation of the clause set forth in 29 CFR 5.5(b)(1), in the sum of \$31 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in 29 CFR 5.5(b)(1).
3. **Withholding for unpaid wages and liquidated damages**
 - i. **Withholding process** The U.S Department of Housing and Urban Development or the recipient of Federal assistance may, upon its own action, or must, upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor so much of the accrued payments or advances as may be considered necessary to satisfy the liabilities of the prime contractor or any subcontractor for any unpaid wages; monetary relief, including interest; and liquidated damages required by the clauses set forth in 29 CFR 5.5(b) on this contract, any other Federal contract with the same prime contractor, or any other federally assisted contract subject to the Contract Work Hours and Safety Standards Act that is held by the same prime contractor (as defined in 29 CFR 5.2). The necessary funds may be withheld from the contractor under this contract, any other Federal contract with the same prime contractor, or any other federally assisted contract that is subject to the Contract Work Hours and Safety Standards Act and is held by the same prime contractor, regardless of whether the other contract was awarded or assisted by the same agency, and such funds may be used to satisfy the contractor liability for which the funds were withheld.
 - ii. **Priority to withheld funds** The Department has priority to funds withheld or to be withheld in accordance with 29 CFR 5.5(a)(2)(i) or (b)(3)(i), or both, over claims to those funds by:
 - A. A contractor's surety(ies), including without limitation performance bond sureties and payment bond sureties;
 - B. A contracting agency for its reprocurement costs;
 - C. A trustee(s) (either a court-appointed trustee or a U.S. trustee, or both) in bankruptcy of a contractor, or a contractor's bankruptcy estate;
 - D. A contractor's assignee(s);
 - E. A contractor's successor(s); or
 - F. A claim asserted under the Prompt Payment Act, 31 U.S.C. 3901-3907.
4. **Subcontracts.** The contractor or subcontractor must insert in any subcontracts the clauses set forth in 29 CFR 5.5(b)(1) through (5) and a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor is responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in 29 CFR 5.5(b)(1) through (5). In the event of any violations of these clauses, the prime contractor and any subcontractor(s) responsible will be liable for any unpaid wages and monetary relief, including interest from the date of the underpayment or loss.

due to any workers of lower-tier subcontractors, and associated liquidated damages and may be subject to debarment, as appropriate.

5. Anti-retaliation It is unlawful for any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, or to cause any person to discharge, demote, intimidate, threaten, restrain, coerce, blacklist, harass, or in any other manner discriminate against, any worker or job applicant for:

- i. Notifying any contractor of any conduct which the worker reasonably believes constitutes a violation of the Contract Work Hours and Safety Standards Act (CWHSSA) or its implementing regulations in 29 CFR part 5;
- ii. Filing any complaint, initiating or causing to be initiated any proceeding, or otherwise asserting or seeking to assert on behalf of themselves or others any right or protection under CWHSSA or 29 CFR part 5;
- iii. Cooperating in any investigation or other compliance action, or testifying in any proceeding under CWHSSA or 29 CFR part 5; or
- iv. Informing any other person about their rights under CWHSSA or 29 CFR part 5.

C. CWHSSA required records clause In addition to the clauses contained in 29 CFR 5.5(b), in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other laws referenced by 29 CFR 5.1, the Agency Head must cause or require the contracting officer to insert a clause requiring that the contractor or subcontractor must maintain regular payrolls and other basic records during the course of the work and must preserve them for a period of 3 years after all the work on the prime contract is completed for all laborers and mechanics, including guards and watchpersons, working on the contract. Such records must contain the name; last known address, telephone number, and email address; and social security number of each such worker; each worker's correct classification(s) of work actually performed; hourly rates of wages paid; daily and weekly number of hours actually worked; deductions made and actual wages paid. Further, the Agency Head must cause or require the contracting officer to insert in any such contract a clause providing that the records to be maintained under this paragraph must be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview workers during working hours on the job.

D. Incorporation of contract clauses and wage determinations by reference Although agencies are required to insert the contract clauses set forth in this section, along with appropriate wage determinations, in full into covered contracts, and contractors and subcontractors are required to insert them in any lower-tier subcontracts, the incorporation by reference of the required contract clauses and appropriate wage determinations will be given the same force and effect as if they were inserted in full text.

E. Incorporation by operation of law The contract clauses set forth in this section (or their equivalent under the Federal Acquisition Regulation), along with the correct wage determinations, will be considered to be a part of every prime contract required by the applicable statutes referenced by 29 CFR 5.1 to include such clauses, and will be effective by operation of law, whether or not they are included or incorporated by reference into such contract, unless the Administrator grants a variance, tolerance, or exemption from the application of this paragraph. Where the clauses and applicable wage determinations are effective by operation of law under this paragraph, the prime contractor must be compensated for any resulting increase in wages in accordance with applicable law.

F. HEALTH AND SAFETY

The provisions of this paragraph (F) are applicable where the amount of the prime contract exceeds \$100,000.

1. 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 by regulation.
2. The contractor shall comply with all regulations issued by the Secretary of Labor pursuant to 29 CFR Part 1926 and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, (Public Law 91-54, 83 Stat 96), 40 U.S.C. § 3701 et seq.
3. The contractor shall include the provisions of this paragraph in every subcontract, so that such provisions will be binding on each subcontractor. The contractor shall take such action with respect to any subcontractor as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

EXHIBIT O

FEDERAL WAGE DETERMINATION SCHEDULE

(see attached)

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"General Decision Number: PR20250001 01/03/2025

Superseded General Decision Number: PR20240001

State: Puerto Rico

Construction Type: Building

Counties: Puerto Rico Statewide.

BUILDING CONSTRUCTION (does not include single family homes and apartments up to and including 4 stories).

Note: Contracts subject to the Davis-Bacon Act are generally required to pay at least the applicable minimum wage rate required under Executive Order 14026. Please note that this Executive Order applies to covered contracts entered into by the federal government that are subject to the Davis-Bacon Act itself, but does not apply to contracts subject only to the Davis-Bacon Related Acts, including those set forth at 29 CFR 5.1(a)(1).

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If the contract is entered into on or after January 30, 2022, or the contract is renewed or extended (e.g., an option is exercised) on or after January 30, 2022:	<ul style="list-style-type: none">Executive Order 14026 generally applies to the contract.The contractor must pay all covered workers at least \$17.75 per hour (or the applicable wage rate listed on this wage determination, if it is higher) for all hours spent performing on the contract in 2025.
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The applicable Executive Order minimum wage rate will be adjusted annually. If this contract is covered by one of the Executive Orders and a classification considered necessary for performance of work on the contract does not appear on this wage determination, the contractor must still submit a conformance request.

Additional information on contractor requirements and worker protections under the Executive Orders is available at <http://www.dol.gov/whd/govcontracts>.

Modification Number Publication Date

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01/03/2025

SUPR1993-001 10/29/1993

	Rates	Fringes
BRICKLAYER.....	\$ 7.25 **	.42
CARPENTER.....	\$ 7.25 **	.34
CEMENT MASON/CONCRETE FINISHER...	\$ 7.25 **	.31
ELECTRICIAN (Including HVAC control wiring).....	\$ 7.25 **	
IRONWORKER.....	\$ 7.25 **	
Laborer, Unskilled.....	\$ 7.25 **	
PAINTER.....	\$ 7.25 **	
PIPEFITTER.....	\$ 7.25 **	
PLUMBER (Including HVAC work)....	\$ 7.25 **	.31
Power equipment operators:		
Cranes.....	\$ 7.25 **	
Diggers.....	\$ 7.25 **	
Loaders.....	\$ 7.25 **	.26
Traxcavator.....	\$ 7.25 **	
Sheet metal worker (Including HVAC duct work).....	\$ 7.25 **	.31
TRUCK DRIVER.....	\$ 7.25 **	.30

WELDERS - Receive rate prescribed for craft performing
operation to which welding is incidental,

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** Workers in this classification may be entitled to a higher
minimum wage under Executive Order 14026 (\$17.75). Please see
the Note at the top of the wage determination for more
information. Please also note that the minimum wage
requirements of Executive Order 14026 are not currently being
enforced as to any contract or subcontract to which the states
of Texas, Louisiana, or Mississippi, including their agencies,
are a party.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (iii)).

The body of each wage determination lists the classifications and wage rates that have been found to be prevailing for the type(s) of construction and geographic area covered by the wage determination. The classifications are listed in alphabetical order under rate identifiers indicating whether the particular rate is a union rate (current union negotiated rate), a survey rate, a weighted union average rate, a state adopted rate, or a supplemental classification rate.

Union Rate Identifiers

A four-letter identifier beginning with characters other than "SU", "UAVG", ?SA?, or ?SC? denotes that a union rate was prevailing for that classification in the survey. Example: PLUM0198-005 07/01/2024. PLUM is an identifier of the union whose collectively bargained rate prevailed in the survey for this classification, which in this example would be Plumbers. 0198 indicates the local union number or district council number where applicable, i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. The date, 07/01/2024 in the example, is the effective date of the most current negotiated rate.

Union prevailing wage rates are updated to reflect all changes over time that are reported to WHD in the rates in the collective bargaining agreement (CBA) governing the classification.

Union Average Rate Identifiers

The UAVG identifier indicates that no single rate prevailed for those classifications, but that 100% of the data reported for the classifications reflected union rates. EXAMPLE: UAVG-OH-0010 01/01/2024. UAVG indicates that the rate is a weighted union average rate. OH indicates the State of Ohio. The next number, 0010 in the example, is an internal number used in producing the wage determination. The date, 01/01/2024 in the example, indicates the date the wage determination was updated to reflect the most current union average rate.

A UAVG rate will be updated once a year, usually in January, to reflect a weighted average of the current rates in the collective bargaining agreements on which the rate is based.

Survey Rate Identifiers

The ""SU"" identifier indicates that either a single non-union rate prevailed (as defined in 29 CFR 1.2) for this classification in the survey or that the rate was derived by computing a weighted average rate based on all the rates reported in the survey for that classification. As a weighted average rate includes all rates reported in the survey, it may include both union and non-union rates. Example: SUFL2022-007 6/27/2024. SU indicates the rate is a single non-union prevailing rate or a weighted average of survey data for that classification. FL indicates the State of Florida. 2022 is the year of the survey on which these classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. The date, 6/27/2024 in the example, indicates the survey completion date for the classifications and rates under that identifier.

?SU? wage rates typically remain in effect until a new survey is conducted. However, the Wage and Hour Division (WHD) has the discretion to update such rates under 29 CFR 1.6(c)(1).

State Adopted Rate Identifiers

The ""SA"" identifier indicates that the classifications and prevailing wage rates set by a state (or local) government were adopted under 29 C.F.R 1.3(g)-(h). Example: SAME2023-007 01/03/2024. SA reflects that the rates are state adopted. ME refers to the State of Maine. 2023 is the year during which the state completed the survey on which the listed classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. The date, 01/03/2024 in the example, reflects the date on which the classifications and rates under the ?SA? identifier took effect under state law in the state from which the rates were adopted.

WAGE DETERMINATION APPEALS PROCESS

1) Has there been an initial decision in the matter? This can be:

- a) a survey underlying a wage determination
- b) an existing published wage determination

- c) an initial WHD letter setting forth a position on a wage determination matter
- d) an initial conformance (additional classification and rate) determination

On survey related matters, initial contact, including requests for summaries of surveys, should be directed to the WHD Branch of Wage Surveys. Requests can be submitted via email to davishaconinfo@dol.gov or by mail to:

Branch of Wage Surveys
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

CHW
Regarding any other wage determination matter such as conformance decisions, requests for initial decisions should be directed to the WHD Branch of Construction Wage Determinations. Requests can be submitted via email to BCWD-Office@dol.gov or by mail to:

AP
Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2) If an initial decision has been issued, then any interested party (those affected by the action) that disagrees with the decision can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Requests for review and reconsideration can be submitted via email to dba.reconsideration@dol.gov or by mail to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board

U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210.

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END OF GENERAL DECISION"

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EXHIBIT P

PROJECT SCHEDULE

(see attached)

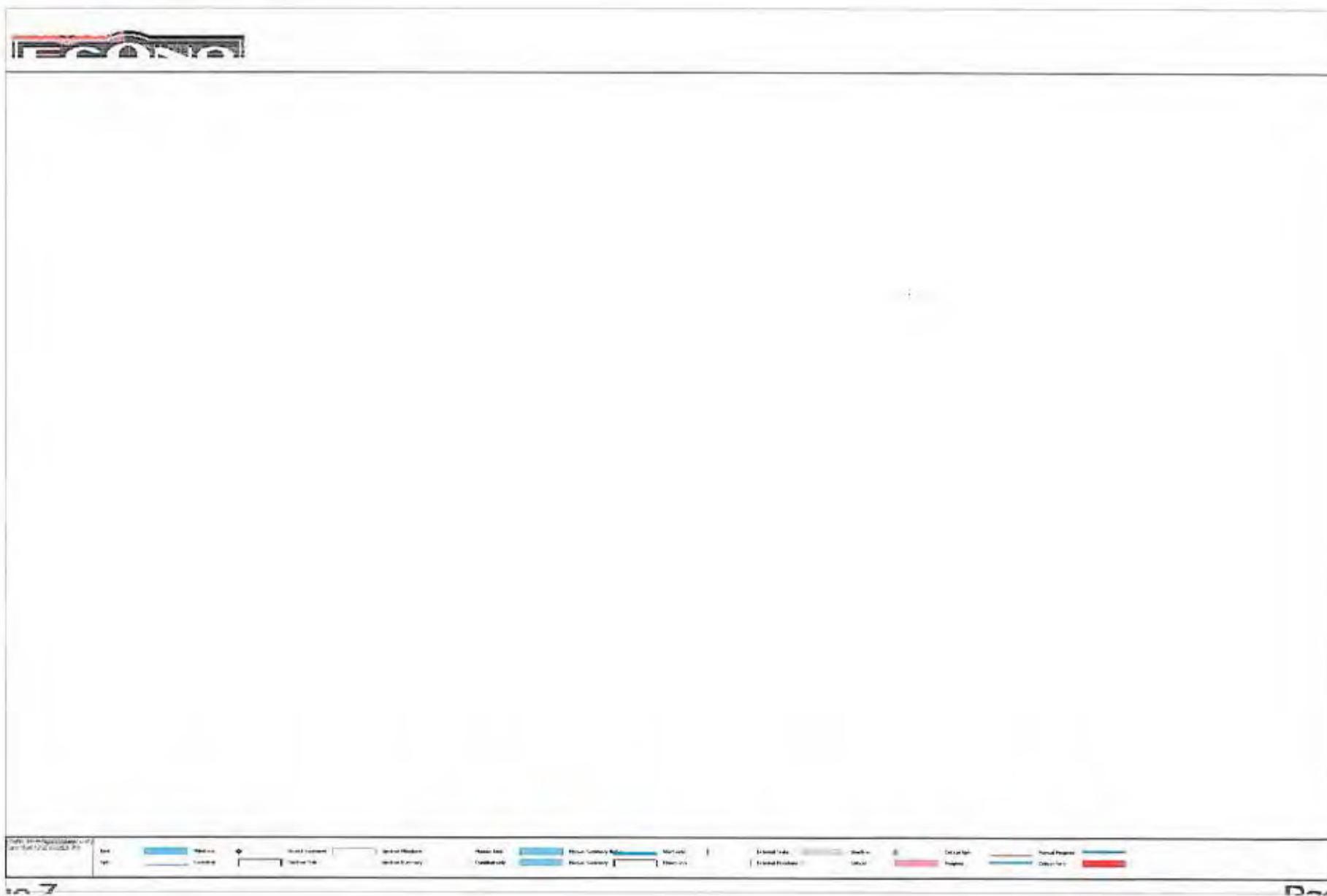
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John A. G.