GOVERNMENT OF PUERTO RICO
Department of Housing

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

PRDOH REGISTERED
MAR 16 2021
2021-DRD117
CDBG-DR CONTRACT ADMINISTRATION

MEMORANDUM OF UNDERSTANDING BETWEEN THE PUERTO RICO DEPARTMENT OF HOUSING AND LOMAS DE SANTA MARTA LIMITED PARTNERSHIP

This **MEMORANDUM OF UNDERSTANDING** (hereinafter, the "MOU") is entered into this 15 day of March, 2021, by and between the **PUERTO RICO DEPARTMENT OF HOUSING** (the "PRDOH"), a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, 3 LPRA § 441 *et seq.*, known as the "Department of Housing Organic Act" (the "Organic Act"), with principal offices at 606 Barbosa Ave., San Juan, Puerto Rico, represented herein by its Secretary, William O. Rodríguez Rodríguez, of legal age, attorney, single, and resident of San Juan, Puerto Rico; and **LOMAS DE SANTA MARTA LIMITED PARTNERSHIP** (the "Housing Property/Owner"), with principal offices at Centro Internacional de Mercadeo Torre 1 #100 carretera 165 Suite 706 Guaynabo, Puerto Rico, represented herein by its President, Juan Carlos Albors Lahongrais, of legal age, single, and resident of San Juan, Puerto Rico, collectively the "Parties".

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I - RECITALS AND GENERAL AWARD INFORMATION

WHEREAS, on September 2017, Hurricanes Irma and María made landfall in Puerto Rico causing catastrophic island wide damage, knocking out power, water, and telecommunications for the entire island and its island municipalities. Hurricane María caused major structure and infrastructure damage to family homes, businesses and government facilities triggering the displacement of thousands of residents of the Island from their homes and jobs.

WHEREAS, nearly twenty billion dollars ($20,000,000,0000) were allocated by the U.S. Department of Housing and Urban Development (HUD) for disaster recovery assistance to the Government of Puerto Rico under the CDBG-DR. These funds are intended to provide financial assistance to address unmet needs that arise and that are not covered by other sources of financial aid.

WHEREAS, according to the approved current Action Plan, Puerto Rico intends to undertake a **Rental Assistance Program** (hereinafter, "**the Program**"). The focus of the Program is to respond to the urgent need of preventing the loss of extremely affordable rental units and promoting housing sustainability by providing rental assistance to low-income elderly residents of hurricane-impacted areas who are at risk of becoming homeless, due to the impending loss of funding for Act 173 Program[1] subsidies in Puerto Rico. The approved current Action Plan allocated a total budget of ten million dollars ($10,000,000) to this Program.

[1] The Act 173 Program is established by Puerto Rico's Act No. 173 of August 31, 1996, as amended, known as the Commonwealth Veterans Housing Rental and Low-Income Elderly Persons Housing Rental and Improvement Subsidy Matching of Funds Program, 17 LPRA § 1491 *et seq.*, that assists low-income elderly households by subsidizing rental housing costs. This program is administered by PRDOH and receives reserve funding from the Lottery of Puerto Rico.

WHEREAS, this is an agreement between the PRDOH and the Owner Entity of a unit occupied by a Tenant and his or her household.

WHEREAS, all contract information for an assisted Tenant and his or her household will be filled out in a Tenancy Agreement, the principal document to which this MOU will be an exhibit. The Tenancy Agreement will be executed between the PRDOH and the assisted Tenant.

WHEREAS, the Housing Property Owner (hereinafter **"The Owner"**), Juan Carlos Albors Lahongrais, has the legal power and authority to enter into this MOU, and by signing this MOU, the Housing Property Owner assures the PRDOH that the Owner and Housing Property shall comply with all the requirements described herein.

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NOW, THEREFORE, in consideration of the need for recovery from Hurricanes Irma and María and the premises and mutual covenants described herein, the Parties mutually agree to the terms described in this Memorandum of Understanding.

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TERMS AND CONDITIONS

II- PURPOSE

A. This is a Memorandum of Understanding (MOU) between the PRDOH and the Owner entity of the Housing Property, **LOMAS DE SANTA MARTA LIMITED PARTNERSHIP**. The MOU is entered to provide tenant-based assistance for households under the Rental Assistance Program.
B. The MOU only applies to the Housing Property and the rental units specified herein.
C. During the MOU term, the PRDOH will use CDBG-DR funds to award rental assistance subsidy to eligible Tenants (hereinafter "**Tenant**") as a part of the rental fee to be used to reside in the aforementioned Housing Property.
D. The eligible Tenants' household will reside in the rental unit as their primary residence with assistance from the Rental Assistance Program. The rental assistance subsidy by the PRDOH assists the Tenants to lease the rental unit from the Housing Property for occupancy by the Tenant and his or her household.

III- LEASE OF A RENTAL UNIT

A. The Owner has entered a lease with the Tenant for occupancy of the rental unit.
B. This MOU for assistance of the rental unit will preempt all applicable provisions of the lease for the rental unit between the Owner and the Tenant.
C. The Owner certifies that:
    i. The Owner and the Tenant have entered into a lease of the rental unit, which provisions are preempted by the provisions agreed to in this Memorandum of Understanding.
    ii. The lease is in a standard form that is used in the locality by the Owner and that is generally used for other unassisted tenants in the premises.
    iii. The lease is consistent with State law.
D. The Owner is responsible for screening the behavior of the Tenant and his or her household or suitability for tenancy before signing of this MOU. PRDOH is not responsible for such screening. The Owner hereby agrees that PRDOH has no liability or responsibility to the Owner or other persons for the behavior of the Tenant and/or the family's conduct in tenancy.

IV. HOUSING PROPERTY REQUIREMENTS (MAINTENANCE, UTILITIES, AND OTHER SERVICES)

The Owner hereby agrees that:

A. All rental units and housing properties in the Rental Assistance Program must comply with the Housing Quality Standard (HQS) at a minimum, which will be ensured via inspections using the HUD-52580 Form.
B. Along with being notified of eligibility of their housing property's applicants for the Rental Assistance Program, all Owners will be given a checklist that includes all HQS requisites their rental units and housing properties must comply with.
C. For an inspection to be conducted by the PRDOH or its assigned contractor, the Owner must sign a Right of Entry form, provided by the PRDOH.
D. Any and all inspections to be conducted will be notified, to both the Owner and the Tenants, at least **seventy (72) hours** in advance and in writing, with rescheduling options at the behest of the Owner.
E. The Owner, housing property representatives, and/or Tenants may be present at all times during any inspection conducted on the premises.
F. Inspections will be conducted by authorized PRDOH personnel or its assigned contractor.
G. Initial inspections could take place before the execution of this MOU by the Owner or afterwards.
H. If an inspection has occurred before the MOU is signed, a report must certify that all rental units in which eligible Applicants will reside in, as well as the housing property, comply with HQS. The inspection report that establishes the housing property's compliance with HQS must be included as an addendum to this MOU between PRDOH and the Owner.
I. If the inspection has not yet occurred at the moment when this MOU is signed, by signing this document the Owner certifies that the rental units where any assisted household will reside in, as well as the housing property and its premises, comply with the HQS requisites.
J. Corroboration and validation of the Owner's certification of HQS compliance via inspection will be expected to be done in the first **ninety (90) days** following the signing of this MOU.
K. This MOU penalizes with remedies that could include repayment in whole or in part of the subsidy, in case substantial deficiencies per HUD's Housing Quality Standard are found in the rental units or the housing properties that were initially certified by the Owner to be compliant with HQS.
L. If after the inspection, it is found that either the rental units or the housing property do not comply with the minimum required standards, the Owner will be notified in writing. The Owner must correct all notified deficiencies within **thirty (30) days** of the notification. To ensure the deficiencies are corrected, PRDOH staff or its assigned contractor will conduct a follow-up inspection.
M. The Owner may solicit an extension of up to an additional **thirty (30) days**, before the first **thirty (30) days** deadline is over. The extension will be awarded by the PRDOH on a case-by-case basis.
N. If after **thirty (30) days** of being notified of the deficiencies, any of the notified deficiencies of any respective rental unit remain, the Program will proceed to suspend subsidy of the respective rental unit until the deficiencies are corrected. The Program will not subsidize rent retroactively. After the **thirty (30) day period**, the Owner may not charge the Rental Unit Tenant with the rental fee difference not received through suspended subsidy, if the Tenant decides to reside in the rental unit or solicits alternative housing, while the deficiencies have not been corrected. By signing this MOU, the Owner agrees with the PRDOH to grant eviction protection to the Tenant in a rental unit with reported but uncorrected deficiencies after **thirty (30) days** following a report from an HQS inspection.
O. If, after **thirty (30) days** of being notified of any deficiency found in the building exterior of the housing property or any deficiency attributable to lack of essential services, or

any deficiencies pertaining to inspected areas not part of a rental unit, any of the notified deficiencies remain, the Program will suspend subsidy of all the rental units in the housing property until deficiencies have been corrected. After the **thirty (30)-day** period, the Owner may not charge the rental unit Tenants the rental fee difference not received through suspended subsidy if the Tenants decide to stay residing in their rental units or solicit alternative housing, while the deficiencies have not been corrected. By signing this Memorandum of Understanding, the Owner agrees with the PRDOH to grant eviction protection to the Rental Unit Tenant in a housing property with reported but uncorrected deficiencies after **thirty (30) days** following a report from an HQS inspection.

P. The Owner hereby commits to immediately provide alternative habitable housing to all Rental Unit Tenants affected by the deficiencies found during inspection that were originally certified by the Owner to be in compliance with the Housing Quality Standard. Non-compliance will result in penalties that may include, but not be limited to, repayment in whole or in part of the Rental Assistance Program subsidy awarded up to date.

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Q. The Owner must ensure all utilities needed to comply with the HQS are provided in assisted rental units and the housing property's premises.

R. The Owner is not responsible for a breach of the Housing Quality Standard caused by the Tenant's failure to:
   i. Pay for any utilities that are to be paid by the Tenant.
   ii. Provide and maintain any appliances that are to be provided by the Tenant.

S. The Owner will not be responsible for a breach of the Housing Quality Standard because of damages beyond normal wear and tear caused by the Tenant, any member of the household or by a guest.

T. If during the course of the Program, an initially HQS-compliant Owner does not maintain the rental unit in accordance with the HQS or fails to provide utilities needed to comply with the HQS, PRDOH may exercise any available remedies. PRDOH remedies for such breach include, but is not limited to, recovery of overpayments, suspension of rental assistance subsidy, abatement or other reduction of assistance payments, termination of rental assistance payments, termination of the Memorandum of Understanding, as well as other aforementioned penalties. PRDOH may not exercise such remedies against the Owner because of an HQS breach for which the household is responsible, and that is not caused by the Owner.

U. If a defect is life-threatening, the Owner must correct the defect within no more than **twenty-four (24) hours** of being notified of findings. For other defects, the Owner must correct the defect within the **thirty (30)-day** period specified by the PRDOH.

V. PRDOH may inspect the contract unit and premises at such times as the PRDOH determines necessary, to ensure that the unit is in accordance with the HQS.

W. PRDOH must notify the Owner of any upcoming inspection and of any HQS defects found during the inspection.

X. The Owner must provide all housing services as agreed to in the lease.

V- ATTACHMENTS

The following attachments are incorporated by reference and are hereby made part of this Memorandum of Understanding:

Exhibit A	HUD General Provisions

All Attachments hereto are fully incorporated herewith such that the terms and conditions of the Attachments shall be as binding as any terms and conditions of this

executed written MOU. Should any inconsistency appear between the Attachments and this MOU, the MOU shall prevail.

VI- MANAGEMENT RESPONSIBILITIES

A. Only rental units in housing properties currently under the Act 173 Program are eligible for subsidy. The Owner has provided complete and accurate information regarding the Rental Unit Applicant's age, identity, household composition, household income, and other eligibility criteria, as well as its own legal entity's required documentation and fiscal information to the PRDOH. The Owner hereby acknowledges that failure to disclose accurate and complete information will affect eligibility, and all such instances will be referred to the Program, for further action.

B. Both Tenant and Owner may be required to repay PRDOH if they are found to have submitted inaccurate or incomplete information to appear to meet eligibility requirements.

C. The housing property Owner shall be responsible for performing the activities detailed in this MOU. The Owner shall provide services to subsidized Tenants under the Rental Assistance Program in a manner satisfactory to the PRDOH and consistent with the terms and conditions of this MOU and applicable Federal and local statutes, laws, and regulations.

D. The Owner will collect all necessary demographic and income information and documentation from each Rental Unit Applicant's household and provide it to PRDOH for review via a web form application.

E. The Owner will submit to PRDOH a web form application, on behalf of both, their current and potential rental unit Tenants and of the housing property they represent, which will include, but is not limited to, the following information and supporting documents:

   i. Demographics of Rental Unit Applicants and their households, that prove eligibility for the Rental Assistance Program. These will include documents used to certify identity, age, income, citizenship, and proof of primary residence of the Rental Unit Applicant, all eligibility criteria for this Program.

   ii. Copy of any current, or most recent, certifications, contracts or agreements under the Act 173 Program from the Owner and PRDOH. If any of these also exist for the Rental Unit Tenants, they shall also be included.

   iii. A current rent roll from the Owner that identifies all current and pre-approved future tenants that make up the Rental Unit Applicants in the application and the current total rental fee associated with the unit under the Act 173 Program and the Tenant contribution to the rental payment, if any.

   iv. An Annual Fiscal Report from the housing property Owner.

F. As part of the application process, the Owner will be provided by the Rental Unit Applicant with income documentation for all household members eighteen (18) years of age or older at the time of the Program application.

G. The PRDOH staff will review each application and will determine if it is complete or if it is missing any documents or required information.

H. If incomplete, PRDOH will send the Rental Unit Applicant and the Owner a Missing Documents Notice, which will establish the process and timetable for completion of the application process.

I. If the application is complete and it is concluded that any of the Rental Unit Applicants is eligible to receive rental subsidy under the Rental Assistance Program, PRDOH staff will proceed to notify the eligible Rental Unit Applicants and the Owner of the next steps in the process.

J. All services shall be made in accordance with PRDOH guidelines, HUD guidelines and regulations, and other applicable state and federal laws and regulations.

K. The Owner may only carry out the roles and responsibilities described in this MOU and the activities related to the performance agreed to in the Lease Agreement with the Tenant. Notwithstanding, this MOU will supersede all applicable provisions of the lease for the rental unit between the Owner and the Tenant.

L. The Owner may be financially liable for carrying out activities outside of the parameters of this MOU with the CDBG-DR funds provided for the subsidy of the Rental Unit Applicants.

M. The housing property Owner shall be responsible of notifying the PRDOH immediately after a sudden change in an assisted rental unit's occupancy, be it by a full household's relocation; a household's composition, be it by death or relocation of a household member; or by forceful removal, for which PRDOH must be notified in advance and in writing to all extent possible. In cases where advance notification is not possible, the Owner must notify within **ten (10) days** of the change. Failure to notify any of these instances may be remedied by the following without exclusion to other remedies: suspended subsidy for the rental unit in question or subsidy payment deduction from any amounts due in the future.

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VII- EFFECTIVE DATE AND TERM

This Memorandum of Understanding shall be in effect and enforceable between the Parties from the date of its execution. The period of this MOU is twenty-four (24) months from the date of its execution, ending on March, 15, 2023. It is agreed to herein that while in effect, the PRDOH is not in obligation of submitting subsidy payment until it is certified that all assisted units are in compliance with Program, Federal, State, and local guidelines regarding habitability.

The End of Term shall be the later of: (i) 24 months after date of execution, ending on March, 15, 2023 (ii) the date as of which the Parties agree in writing that all Close-Out Requirements have been satisfied or, where no Close-Out Requirements are applicable to this MOU, the date as of which the Parties agree in writing that no Close-Out Requirements are applicable hereto; or (iii) such later date as the Parties may agree to in a signed amendment to this MOU.

The Owner hereby acknowledges that, in order to protect the subsidized Tenants, voluntary withdrawal from the Program by the housing property is forbidden after execution of this Memorandum of Understanding. Since that instance, voluntary withdrawal from the Program will only be available for subsidized Tenants.

The Owner hereby acknowledges that this MOU is subject to the availability of the allocated CDBG-DR funds for subsidized Tenants. The Owner also acknowledges and agrees that any suspension, cancellation, termination, or otherwise unavailability of the CDBG-DR allocation(s) shall result in the immediate suspension, cancellation, or termination of this MOU, upon PRDOH's notice.

VIII. TERMINATION OF TENANCY BY THE OWNER

a. **Requirements.** The Owner may only terminate the tenancy in accordance with the lease and HUD requirements, and with prior notice to the PRDOH and the CDBG-DR Rental Assistance Program, to all extent possible.

b. **Grounds.** During the term of the lease (the initial term of the lease or any extension term), the Owner may only terminate the tenancy because of:

(1) Serious or repeated violation of the lease by the Tenant;

(2) Violation of Federal, State, or local law that imposes obligations on the Tenant in connection with the occupancy or use of the unit and the premises;
(3) Criminal activity or drug or alcohol abuse; or
(4) Other good cause, with prior notification to the PRDOH and the CDBG-DR Rental Assistance Program, to all extent possible.

c. **Criminal activity or alcohol abuse.**

(1) The Owner may terminate the tenancy during the term of the lease if any member of the Tenant's household, a guest, or another person under a Tenant's control commits any of the following types of criminal activity:
   (a) Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of the premises by, other residents (including property management staff residing on the premises);
   (b) Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises;
   (c) Any violent criminal activity on or near the premises; or
   (d) Any drug-related criminal activity on or near the premises.

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(2) The Owner may terminate the tenancy during the term of the lease if any member of the household is:
   (a) Fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees; or
   (b) Violating a condition of probation or parole under Federal or State law.

d. **Other good causes for termination of tenancy**

(1) During the initial lease term, other good cause for termination of tenancy must be something the Tenant did or failed to do.
(2) During the initial lease term or during any extension term, other good causes may include, but are not limited to:
   (a) Disturbance of neighbors,
   (b) Destruction of property, or
   (c) Living or housekeeping habits that cause damage to the unit or premises.
(3) The examples of other good causes in this section do not preempt any State or local laws to the contrary.
(4) In the case of an Owner who is an immediate successor in interest pursuant to foreclosure during the term of the lease, requiring the Tenant to vacate the property prior to sale shall not constitute other good cause, except that the Owner may terminate the tenancy effective on the date of transfer of the unit to the Owner if the Owner: (a) will occupy the unit as a primary residence; and (b) has provided the Tenant a notice to vacate at least **ninety (90) days** before the effective date of such notice. This provision shall not affect any State or local law that provides for longer time periods or addition protections for Tenants.

e. **Owner Notice to Tenant**

(1) An eviction to a Tenant subsidized under the Rental Assistance Program must always be through a court order.

(2) An Owner may not evict a Tenant for suspension of subsidy assistance for a reason under the responsibility of the Owner, like failing to comply with HQS requirements.
(3) At or before the beginning of a court action to evict the Tenant, the Owner must give the Tenant a Notice that specifies the grounds for termination of tenancy. The Notice may be included in or combined with any Owner Eviction Notice.
(4) The Owner must give the PRDOH a copy of any Owner Eviction Notice at the same time the Owner notifies the Tenant.
(5) Eviction Notice means a notice to vacate, or a complaint or other initial pleading used to begin an eviction action under State or local law.

f. **Protections for Victims of Abuse.**

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(1) An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be construed as serious or repeated violations of the lease or other "good cause" for termination of the assistance, tenancy, or occupancy rights of such a victim.

(2) Criminal activity directly relating to abuse, engaged in by a member of a Tenant's household or any guest or other person under the Tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights if the Tenant or an immediate member of the Tenant's family is the victim or threatened victim of domestic violence, dating violence, or stalking.

(3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, the PRDOH, Owner or manager may "bifurcate" a lease, or otherwise remove a household member from a lease, without regard to whether a household member is a signatory to the lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a Tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others. This action may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of the violence who is also a Tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be affected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the housing choice voucher program.

(4) Nothing in this section may be construed to limit the authority of PRDOH, Owner, or manager, when notified, to honor court orders addressing rights of access or control of the property, including civil protection orders issued to protect the victim and issued to address the distribution or possession of property among the household members in cases where a family breaks up.

(5) Nothing in this section limits any otherwise available authority of an Owner or manager to evict or the PRDOH to terminate assistance to a Tenant for any violation of a lease not premised on the act or acts of violence in question against the Tenant or a member of the Tenant's household, provided that the Owner, manager, or PRDOH does not subject an individual who is or has been a victim of domestic violence, dating violence, or stalking to a more

demanding standard than other Tenants in determining whether to evict or terminate.

(6) Nothing in this section may be construed to limit the authority of an Owner or manager to evict, or the PRDOH to terminate assistance, to any Tenant if the Owner, manager, or PRDOH can demonstrate an actual and imminent threat to other Tenants or those employed at or providing service to the property if the Tenant is not evicted or terminated from assistance.

(7) Nothing in this section shall be construed to supersede any provision of any Federal, State, or local law that provides greater protection than this section for victims of domestic violence, dating violence, or stalking, among other similar acts and crimes.

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IX. TOTAL RENTAL FEE, SUBSIDY AWARD DETERMINATION, AND RENTAL CONTRIBUTION

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A. The maximum award under this Program is the equivalent of **twenty-four (24) months** of subsidy available to the Rental Unit Tenant for rental units in housing properties currently under the Act 173 Program.
B. The maximum award cannot exceed **four hundred dollars ($400)** per rental unit, per month.
C. The Total Rental Fee will be uniform for each equivalent rental unit per housing property.
D. The Total Rental Fee for each rental unit, per housing property, will be the same as what the rental fee was previously under the Act 173 Program.
E. The Tenant Contribution will be the amount equivalent to the difference between the rental subsidy awarded and the Total Rental Fee for the rental unit.

X- PAYMENT

A. During the term of the Memorandum of Understanding, the PRDOH must make monthly subsidy payments to the housing property Owner, as a leaser, **on behalf of** the household being assisted, during the first half of each month.
B. Monthly subsidy payments shall only be paid to the housing property Owner, as a leaser, while the household is residing in the rental unit during the term of the Memorandum of Understanding. The PRDOH shall not pay a monthly subsidy payment to the housing property Owner for any month after the month when the Tenant and his or her household moves out or after the subsidy assistance period has ended, even if the Tenant and his or her household continues residing in the rental unit as a lessee and by the terms agreed to in the private lease with the housing property Owner.
C. The amount of the PRDOH monthly subsidy payment to a Tenant and his or her household is subject to change during the Memorandum of Understanding term in accordance with HUD requirements. The PRDOH must notify the Tenant and the housing property Owner of any changes in the amount of the monthly subsidy payment.
D. The monthly subsidy payment for the first month of assistance may be prorated for a partial month.
E. The PRDOH is only responsible for the monthly subsidy payments agreed to in the Tenancy Agreements and this Memorandum of Understanding, per housing property.
F. The PRDOH has limited responsibility and shall not pay any portion of the rent in excess of the monthly subsidy payment. The PRDOH shall not pay any other claim by the Owner against the Tenant or his or her household.

G. If the PRDOH determines that it has overpaid or that the assisted Tenant or the housing property Owner, as a leaser, is not entitled to the monthly subsidy payment or any part of it, the PRDOH, in addition to other remedies, may deduct the amount of the overpayment, for any reason, from any amounts due in the future.

H. The Owner may not charge or accept, from the Tenant or from any other source, any payment for rent of the unit in addition to the Total Rental Fee. The Total Rental Fee must include all housing services, maintenance, utilities, and appliances to be provided and paid by the Owner in accordance with the lease. The Owner must immediately return any excess rent payment to the Tenant.

I. The Owner may not charge the Tenant any extra amount for items customarily included in the Total Rental Fee in the locality or provided at no additional cost to unsubsidized Tenants in the premises.

J. Any PRDOH failure to pay the rental subsidy payment to the Owner is not a Tenant's violation of the lease. The Owner may not terminate the tenancy for nonpayment of the PRDOH rental subsidy payment.

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K. For each monthly subsidy payment to an assisted Tenant, the assisted Tenant must sign and submit to the Program a Monthly Rental Subsidy Payments Certification as receipt of their subsidy payments from the CDBG-DR Rental Assistance Program.

L. In order for the Owner to receive payment for any service performed hereunder, the following certification must be included in each application for payment or invoice submitted to the PRDOH for payment:

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

X- OWNER CERTIFICATION

During the term of this MOU, the housing property Owner certifies that:

A. The Owner is maintaining the rental units and premises in accordance with HQS requisites.

B. The rental unit is leased to the Tenant. The lease is a private agreement between the housing property Owner and the Tenant, which is preempted by this MOU and the Tenancy Subsidy Agreement, as well as all Program requirements, for the duration of the term of this MOU.

C. The housing property Owner on behalf of the Tenant during the application process has provided each applicant's lease agreement to the PRDOH, including any revisions of the lease.

D. The Total Rental Fee of assisted units does not exceed rents charged by the Owner for rental of comparable unassisted units in the premises.

E. Except for the rent to Owner and prior agreements with HOME or LIHTC, the Owner has not received and will not receive any payments or other consideration (from the Tenant's family, the PRDOH, HUD, or any other public or private source) for rental of the unit during the MOU term.

F. The Tenant does not own or have any interest in the rental unit.

G. To the best of the Owner's knowledge, the members of the Tenant's household reside in the rental unit, and the unit is the primary residence of the Tenant and his or her family.
H. The Owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of an assisted Tenant or any household member, unless the PRDOH has determined (and has notified the Owner and the Tenant of such determination) that approving rental of the unit, notwithstanding such relationship, would be reasonable.

XI- NOTICES

All notices, requests, approvals, and consents of any kind made pursuant to this MOU shall be in writing and shall be deemed to be effective as of the date sent by certified mail, return receipt requested, or email. All notices and other written communications under this MOU shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice. Communication and details concerning this MOU shall be directed to the following representatives:

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CDBG-DR Grantee:	William O. Rodríguez Rodríguez, Esq. Secretary Puerto Rico Department of Housing 606 Barbosa Avenue Juan C. Cordero Building Río Piedras, Puerto Rico 00918
Housing Property:	Juan Carlos Albors Lahongrais President Lomas de Santa Marta Limited Partnership Centro Internacional de Mercadeo Torre 1 #100 Carr 165 Suite 706 Guaynabo, PR 00968

XIII- OWNER'S BREACH OF MEMORANDUM OF UNDERSTANDING

A. Any of the following -but without being limited to only the following- actions by the housing property Owner (including a principal or representative) is a breach of the Memorandum of Understanding by the housing property Owner:
   i. If the Owner has violated any obligation under the Memorandum of Understanding, including the Owner's obligation to maintain the unit in accordance with the HQS.
   ii. If the Owner has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing assistance program.
   iii. For projects with mortgages insured by HUD or loans made by HUD, for housing properties under HOME or LIHTC agreements, if the Owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or if the Owner has committed fraud, bribery, or any other corrupt or criminal act in connection with the mortgage or loan.
   iv. If the Owner has engaged in any drug-related criminal activity or any violent criminal activity on the premises of the housing property or in connection to this MOU.

B. If the PRDOH determines that a breach has occurred, the PRDOH may exercise any of its rights and remedies under the Memorandum of Understanding, or any other available rights and remedies in Federal, state, and local law for such breach. The PRDOH shall notify the Owner of such determination, including a brief statement of the reasons for the determination. The notice by the PRDOH to the Owner may require the Owner to take corrective action, as verified or determined by the PRDOH, by a deadline prescribed in the notice.

C. The PRDOH's rights and remedies for Owner breach of the Memorandum of Understanding include, but are not limited to, recovery of overpayments, suspension of monthly subsidy payments with eviction protection to Tenants and assisted households, abatement, or other reduction of monthly subsidy payments, termination of monthly subsidy payments with eviction protection to Tenants and assisted households, and termination of the Memorandum of Understanding.

D. The PRDOH may seek and obtain additional relief by judicial order or action, including specific performance, other injunctive relief or order for damages.

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E. Even if the assisted Tenant continues to reside in the rental unit, the PRDOH may exercise any rights and remedies for Owner breach of the Memorandum of Understanding.

F. The PRDOH's exercise or non-exercise of any right or remedy for Owner breach of the Memorandum of Understanding is not a waiver of the right to exercise that or any other right or remedy at any applicable time.

XV- ASSIGNMENT OF THE MEMORANDUM OF UNDERSTANDING

A. The Owner may not assign the Memorandum of Understanding to a new Owner without the prior written consent of the PRDOH.

B. If the Owner requests PRDOH consent to assign the Memorandum of Understanding to a new Owner, the Owner shall supply any information as required by the PRDOH pertinent to the proposed assignment.

C. The Memorandum of Understanding may not be assigned to a new Owner that is debarred, suspended, or subject to a limited denial of participation under HUD regulations (see 24 Code of Federal Regulations part 24).

D. Memorandum of Understanding may not be assigned to a new Owner if HUD has prohibited such assignment because:

   i. The Federal government has instituted an administrative or judicial action against the Owner or proposed new Owner for violation of the Fair Housing Act or other Federal equal opportunity requirements, and such action is pending; or

   ii. A court or administrative agency has determined that the Owner or proposed new Owner violated the Fair Housing Act or other Federal equal opportunity requirements.

E. The PRDOH may deny approval to assign the Memorandum of Understanding if the Owner or proposed new Owner (including a principal or representative) incurs in any, while not being limited to, the following:

   i. Has violated obligations under a housing assistance payments contract under Section 8;

   ii. Has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program;

   iii. Has engaged in any drug-related criminal activity or any violent criminal activity;

   iv. Has a history or practice of non-compliance with the HQS for units leased under the Section 8 tenant-based programs, or non-compliance with applicable housing standards for units leased with project-based Section 8 assistance or for units leased under any other Federal housing program;

v. Has a history or practice of failing to terminate tenancy of Tenants assisted under any Federally assisted housing program for activity engaged in by the Tenant, any member of the household, a guest or another person under the control of any member of the household that:
   i. Threatens the right to peaceful enjoyment of the premises by other residents;
   ii. Threatens the health or safety of other residents, of employees of the PRDOH, or of Owner employees or other persons engaged in management of the housing;
   iii. Threatens the health or safety of, or the right to peaceful enjoyment of their residents by, persons residing in the immediate vicinity of the premises; or
   iv. Is drug-related criminal activity or violent criminal activity;

vi. Has a history or practice of renting units that fail to meet State or local housing codes; or

vii. Has not paid State or local real estate taxes, fines, or assessments.

F. The new Owner must agree to be bound by and comply with the Memorandum of Understanding.

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XVI- INTERPRETATION

A. The MOU expresses the entire relationship between the Owner and the PRDOH.

B. The MOU shall be interpreted and implemented in accordance with all statutory requirements, PRDOH CDBG-DR policies and regulations, and with all HUD requirements, including the HUD program regulations at 24 Code of Federal Regulations part 982.

XVII- AMENDMENT AND TERMINATION

A. **Amendments**

This MOU may be amended provided that such amendments make specific reference to this MOU, comply with programmatic policies, procedures, and guidelines, are executed in writing and signed by a duly authorized representative of each party, and approved by PRDOH. Such amendments shall not invalidate this MOU, nor relieve or release the Parties from their obligations under this MOU.

This MOU may be amended by the Parties hereto, for the purpose of including any other CDBG-DR funded program included in the HUD-approved Action Plan.

The PRDOH may, in its sole discretion, amend this MOU to conform with Federal, state, or local governmental guidelines, policies, and available funding amounts, or for other reasons. If such amendments result in a change in the funding or schedule of the activities to be undertaken as part of this MOU, such modifications shall be incorporated only by written amendment signed by both the PRDOH and the housing property Owner.

However, PRDOH reserves the right to deliver written notification to the Owner of any applicable policies, procedures, regulations, requirements, guidelines, or change in law, whether existing or to be established, as well as changes and/or amendments thereof, and the notified policies, procedures, regulations, requirements, guidelines, and laws shall be deemed incorporated by reference to this MOU without the need of executing a separate written and signed amendment.

B. **Suspension or Termination**

1. Termination for Cause
   The PRDOH may terminate this MOU, in whole or in part, with prior notice, whenever it determines that the Owner has failed to comply with any term, condition, requirement, or provision of this MOU. Failure to comply with any terms of this MOU, includes (but are not limited to) the following:
   a. Failure to comply with any of the rules, regulations, or provisions referred to herein, or such statutes, regulations, executive orders, HUD guidelines, the Rental Assistance Program Guidelines, as applicable, and policies or directives as may become applicable at any time;
   b. Failure, for any reason, of the Housing Property to fulfill in a timely and proper manner its obligations under this MOU; or,
   c. Improper use of funds for assistance of Tenants provided under this MOU.
   The Owner shall have up to **thirty (30) days** to resolve issues listed above to the satisfaction of PRDOH.

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2. Unilateral Termination
   The PRDOH may terminate this MOU, in whole or in part, at PRDOH's sole discretion, with or without cause, at any time. The PRDOH will terminate this MOU by delivering to the Housing Property Owner a **thirty (30) day** notice of termination specifying the extent to which this MOU is terminated, and the effective date of termination. In the event of a termination by Notice, the PRDOH shall be liable only for monthly subsidy payments up to and including the effective date of termination.

3. Suspension
   The PRDOH may suspend this MOU in whole or in part at any time for the PRDOH's convenience. The PRDOH shall give the Housing Property Owner advanced and written notice of such suspension.

4. Availability of Funds
   This MOU is contingent upon the availability of funds from HUD. It is expressly understood and agreed that the obligation to proceed under this MOU is conditioned upon the receipt of Federal funds. If the funds anticipated for the continuing fulfillment of the MOU are, at any time, not forthcoming or insufficient, either through the failure of the Federal government to provide funds or the discontinuance or material alteration of the program under which funds were provided, or if funds are not otherwise available to PRDOH, the PRDOH have the right upon **ten (10) working days** in advance to send a written notice to the Housing Property Owner, to terminate this MOU without damage, penalty, cost, or expenses to PRDOH of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination.

XVIII- COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS

The "HUD General Provisions", which are hereby attached to as Exhibit C, and made an integral part of this MOU, set forth certain requirements imposed by HUD with respect to the PRDOH's Federal award or CDBG-DR Grant. The Housing Property Owner agrees to carry out its obligations under this MOU in compliance with all the requirements described in HUD's General Provisions to the extent that such requirements are applicable to programs such as the program contemplated in this MOU.

This MOU also includes terms and conditions of the PRDOH's Federal Award or CDBG-DR Grant that are imposed on the Housing Property Owner, and the Owner agrees to carry out its obligations in compliance with all the obligations described in this MOU.

A. General Compliance

The Housing Property Owner shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 C.F.R. § 570, as modified by the Federal Register notices that govern the use of CDBG-DR funds available under this MOU. See Federal Register Notice 83 FR 5844 (February 9, 2018). Notwithstanding the foregoing, (1) the Owner does not assume any of the PRDOH's responsibilities for environmental review, decision-making, and action, described in 24 C.F.R. part 58 and (2) the Owner does not assume any of the PRDOH's responsibilities for initiating the review process under the provisions of 24 C.F.R. part 52. The Owner shall also comply with all other applicable Federal, state, and local laws, regulations, and policies that govern the use of the CDBG-DR funds in complying with its obligations under this MOU, regardless of whether CDBG-DR funds are made available to the Owner on an advance or reimbursement basis. This MOU includes without limitation, applicable Federal Registers; 2 C.F.R. part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. § 35, 24 C.F.R. part 58, 24 C.F.R. part 135; National Historic Preservation Act, and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards and the environment; and Action Plan amendments and HUD's guidance on the funds. Also, the Owner shall comply, without limitation, those set forth in **HUD's General Provisions.**

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Where waivers or alternative requirements are provided for in the applicable Federal Register Notice dated February 9, 2018, at 83 FR 5844 or any future Federal Register Notice published by HUD ("HUD Notices"), such requirements, including any regulations referenced therein, shall apply.

The Owner also agrees to comply with all other applicable Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines, whether existing or to be established, provided the same are applied to activities occurring after the date the policy or guideline was established, governing the funds provided under this MOU. In the event a conflict arises between the provisions of this MOU and any of the foregoing, the Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines shall control and this MOU shall be interpreted in a manner so as to allow for the terms contained herein to remain valid and consistent with such Federal, State, and local laws, regulations, HUD Notices, policies and guidelines.

The Owner shall also comply with the Rental Assistance Program policies and guidelines as established in Program Guidelines and their amendments, if any, as found in the CDBG-DR Website (www.cdbg-dr.pr.gov) which are herein included and made integral part of this MOU, as it may be updated from time to time.

B. Duplication of Benefits

Neither the assisted Tenants nor the Owner shall carry out any of the activities under this MOU in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5155) and described in Appropriations Act applicable to this CDBG-DR award. The assisted Tenants and the Owner must comply with HUD's requirements for duplication of benefits, imposed by Federal Register notice on the PRDOH, which are published in a separate notice entitled "Clarification of Duplication of Benefits Requirements under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees" (76 FR 71060, published November 16, 2011). The assisted Tenants and the

Owner shall carry out the activities under this MOU in compliance with the PRDOH's procedures to prevent duplication of benefits.

C. Drug-Free Workplace

The Owner must comply with drug-free workplace requirements in subpart B of part 2429, which adopts the government wide implementation (2 C.F.R. part 182) of sections 5152-5158 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. § 701-707).

D. Insurance & Bonding

The Owner shall carry sufficient insurance coverage and bonding from insurers licensed to conduct business in the Government of Puerto Rico to protect all contract assets from loss due to any cause, including but not limited to theft, fraud, and/or physical damage. The Government of Puerto Rico, the Puerto Rico Department of Housing (PRDOH) and the U.S. Department of Housing and Urban Development (HUD) shall be named as additional insured on all such insurance. The Owner shall meet all other insurance requirements as the PRDOH may impose from time to time. In addition, all insurance carriers and bonding companies shall meet minimum size and financial stability/financial rating requirements as may be imposed by the PRDOH from time to time. Certificates of insurance shall be provided to the PRDOH and full and complete copies of the policies and/or bonds shall be provided to the PRDOH upon its request for the same.

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E. Hold Harmless

The Owner shall and hereby agrees to hold harmless, defend (with counsel acceptable to the PRDOH) and indemnify the PRDOH, the Government of Puerto Rico, HUD, and each and all of its successors, affiliates, or assignees, and any of their employees, officers, directors, attorneys, consultants, agents, managers, and affiliates, from and against any and all damages, costs, attorneys' fees, claims, expenses, injuries, property damage, causes of action, violations of law, violations of this MOU, and losses of any form or nature arising from or related to the conduct of the Owner in the performance of this MOU. This indemnity shall expressly include, but is not limited to, the obligation of the Owner to indemnify and reimburse the PRDOH, the Government of Puerto Rico, and HUD for any and all attorneys' fees and other litigation or dispute resolution costs incurred or to be incurred in the enforcement of this MOU or any portion thereof against the Owner or otherwise arising in connection with the Owner's breach, violation, or other non-compliance with this MOU. This clause shall survive indefinitely the termination of this MOU for any reason.

F. PRDOH Recognition

Unless otherwise directed by the PRDOH, the Owner shall ensure recognition of the role of HUD and the PRDOH in providing funding, services, and efforts through this MOU. Unless otherwise directed by the PRDOH, all activities, facilities, and items utilized pursuant to this MOU shall be prominently labeled as to role of HUD and of the PRDOH. In addition, the Owner shall include a reference to the support provided through rental assistance herein in any publications under this MOU. The PRDOH reserves the right to direct specific reasonable recognition requirements on a case-by-case basis, including but not limited, to the size and content, waiver, removal or addition of suchrecognition.

G. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

The Owner shall comply with the applicable provisions in 2 C.F.R. part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

H. Financial & Program Management

The Owner shall expend and account for all CDBG-DR funds received as a leaser of assisted rental units under this MOU in accordance with 2 C.F.R. part 200 subpart D §302 - §303 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

The Owner shall administer its program in conformance with Cost Principles as outlined in 2 C.F.R. part 200 subpart E, as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

I. Documentation and Record Keeping

The Owner shall maintain all records required by applicable law to be maintained, including but not limited to the Federal regulations specified in (I) 2 C.F.R. part 200; (2) 24 C.F.R. § 570.506; and (3) the applicable HUD Notices that are pertinent to the activities to be funded under this MOU, as well as any additional records required by the PRDOH.

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J. Access to Records

The Owner shall furnish and cause each of its own subcontractors to furnish all information and reports required hereunder and shall permit access to its books, records, and accounts by the PRDOH, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

K. Client Data and Other Sensitive Information

In the event that the Owner comes to possess Tenant data and other sensitive information as a result of this MOU, then the Owner shall maintain Tenant data demonstrating Tenant eligibility for services provided. Such data shall include, but not be limited to, Tenant name, address, income level, or other basis for determining eligibility, and description of service provided. Such information shall be made available to PRDOH monitors or their designees for review upon request.

The Owner must comply with 2 C.F.R. §200.303 and shall take reasonable measures to safeguard protected personally identifiable information, as defined in 2 C.F.R. § 200.82, and other information HUD or the PRDOH designates as sensitive or the Owner considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

The Owner shall comply with all State or local requirements concerning the privacy of personal records, consistent with 24 C.F.R. § 570.508 (local governments) and 570.490(c) (States).

The Owner shall comply with PRDOH's Personally Identifiable Information, Confidentiality, and Nondisclosure Policy.

L. Close-Out

The Owner's obligation to PRDOH shall not end until all close-out requirements are completed. Activities during this close-out period may include, but are not limited to: making final payments, determining the custodianship of records, and the Owner certification of compliance with the terms of this MOU. Notwithstanding the foregoing, the terms of this MOU shall remain in effect during any period that the Owner receives CDBG-DR funds as a leaser of assisted rental units.

Upon the completion of all subsidized activities, the Program will be closed. This process will begin by ensuring that all written agreement requirements have been met and that everything has been performed in compliance with Program requirements. PRDOH staff will perform a complete review of the application file to ensure all necessary documentation is present and to ensure that the case is ready for a closeout.

General requirements for closeout are as follows:

i. All Program forms required throughout the entirety of the Rental Assistance Program Agreement process have been duly completed and executed by the appropriate parties.
ii. All funds used for the Program, whether CDBG-DR or received by means of a subrogation of funds, have been properly accounted for.
iii. All required reports have been submitted.

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The Rental Assistance Program will close when the **twenty-four (24) month period** of subsidy has ended or when there are no longer Tenants being subsidized under the Program, whichever comes first.

M. Audits and Inspections

All Owner records with respect to any matters covered by this MOU shall be made available to the PRDOH, HUD, and the Comptroller General of the United States, or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Owner within **thirty (30) days** after receipt by the Owner. Failure of the Owner to comply with the above audit requirements shall constitute a violation of this MOU and may result in the withholding of future subsidy and/or termination.

N. Nondiscrimination

The Owner shall comply with 24 C.F.R. part 6, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (HCDA) (Title I) (42 U.S.C. 5309). Section 109 provides that no person in the United States shall, on the ground 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 Federal financial assistance.

The Owner shall adhere to the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §6101-6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) (Section 504). Section 109 of the HCDA makes these requirements applicable to programs or activities funded in whole or in part with CDBG-DR funds. Thus, the Owner shall comply with regulations of 24 C.F.R. part 8, which implement Section 504 for HUD programs, and the regulations of 24 C.F.R. part 146, which implement the Age Discrimination Act for HUD programs.

O. Title VI of the Civil Rights Act of 1964 (24 C.F.R. part 1)

The Owner shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended and 24 C.F.R. § 570.601 and 570.602. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this MOU. The specific nondiscrimination provisions at 24 C.F.R. § 1.4 apply to the use of these funds. The Owner shall not intimidate,

threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by title VI of the Civil Rights Act of 1964 or 24 C.F.R. part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 C.F.R. part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 2 C.F.R. part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

P. Conflict of Interest

The Owner agrees to abide by the provisions of 2 C.F.R. part 200, as applicable, and 24 C.F.R. § 570.611, which include (but are not limited to) the following:

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a. It is presumed that the Owner is subject to state and local ethic laws and regulations related to the conduct of its officers, employees, or agents engaged in the award and administration of this MOU.
b. In the event the Owner is not, the Owner shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of this MOU. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would rise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the Parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from any parties involved in receiving assistance, except in cases in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Owner.
c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-DR assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or with respect to the CDBG-DR assisted activity, or with respect to the proceeds from the CDBG-DR assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of **one (1) year** thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the PRDOH, the Owner, or any designated public agency.
d. Clause of Governmental Ethics Certification of Absence of Conflict of Interests - The Owner certifies that: (1) No public servant of this executive agency has a pecuniary interest in this contract, purchase or commercial transaction. (2) No public servant of this executive agency has requested me or accepted from me, directly or indirectly, for him (her), for any member of his family unit or for any person, gifts, bonuses, favors, services, donations, loans or anything else of monetary value. (3) No public servant (s) requested or accepted any good of economic value, linked to this transaction, from any person of my entity as payment for performing the duties and responsibilities of their employment. (4) No public servant has requested

from me, directly or indirectly, for him (her), for any member of her family unit, or for any other person, business or entity, some of economic value, including gifts, loans, promises, favors or services in exchange for the performance of said public servant is influenced in my favor or of my entity. (5) I have no kinship relationship, within the fourth degree of consanguinity and second by affinity, with any public servant who has the power to influence and participate in the institutional decisions of this executive agency.

Q. Ethics

The Owner also acknowledges receipt of the Anticorruption Code for the New Puerto Rico known in Spanish as "*Código Anticorrupción para el Nuevo Puerto Rico*".

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R. Government Certifications

The Owner certifies that it is in compliance with the requirements of all government agencies and that it has fulfilled its tax responsibilities. The Owner must submit the Good Standing Certificate and the Certificate of Existence to be in compliance with the Registry of Corporations and Entities of the Department of State of Puerto Rico, if applicable.

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S. Citizen Grievances

If the Owner receives any complaint or grievance in relation to the funds used for rental assistance under this MOU, it shall refer said complaint or grievance immediately to the PRDOH CDBG-DR Program so that PRDOH may respond appropriately.

XIX- INDEPENDENT CONTRACTOR

Nothing contained in this MOU is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the Parties. The Owner shall at all times remain an independent to the PRDOH with respect to the efforts to be performed under this MOU. The PRDOH shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance, and Workers' Compensation Insurance, as the Owner is an independent entity.

XX- SEVERABILITY

If any provision of this MOU is held invalid, the remainder of the MOU shall not be affected thereby, and all other parts of this MOU shall nevertheless be in full force and effect.

XXI- SECTION HEADINGS ANDSUBHEADINGS

The section headings and subheadings contained in this MOU are included for convenience only and shall not limit or otherwise affect the terms of this MOU.

XXII- WAIVER

The PRDOH's failure to act with respect to a breach by the Owner does not waive its right to act with respect to subsequent or similar breaches. The failure of the PRDOH to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XXIII- BANKRUPTCY

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

XXIV- GOVERNING LAW JURISDICTION

This MOU shall be governed by, interpreted and enforced in accordance with the laws of the Government of Puerto Rico and any applicable federal laws and regulations. The

Parties further agree to assert any claims or causes of action that may arise out of this MOU in the Puerto Rico Court of First Instance, San Juan Region,

XXV- COMPLIANCE WITH LAW

It is the intention and understanding of the Parties hereto that each and every provision of law required to be inserted in this MOU should be and is inserted herein. Furthermore, it is hereby stipulated that every such provision is deemed to be inserted and if, through mistake or otherwise, any such provision is not inserted herein or is not inserted in correct form, then this MOU shall forthwith, upon the application of any Party, be amended by such insertion so as to comply strictly with the law and without prejudice to the rights of any Party.

XXVI- MEMORANDUM NO. 2017-001; CIRCULAR LETTER 141-17 OF THE OFFICE OF THE CHIEF OF STAFF OF THE GOVERNOR (SECRETARÍA DE LA GOBERNACIÓN) & THE OFFICE OF MANAGEMENT AND BUDGET (OFICINA DE GERENCIA Y PRESUPUESTO)

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A. Termination Clause: The Chief of Staff (*Secretario de la Gobernación*) of the Governor of Puerto Rico shall have the power to terminate this MOU at any time.

XXVII- SUBROGATION

The Owner acknowledges that funds to assisted Tenants provided through this MOU are Federal funds administered by HUD under the CDBG-DR Program and that all funds provided by this MOU are subject to audit, disallowance, and repayment. Any disagreement with adverse findings may be challenged and subject to Federal regulation, however, the Owner, as a leaser, shall promptly return any and all funds to the PRDOH, which are found to be ineligible, unallowable, unreasonable, a duplication of benefits, or non-compensable, no matter the cause. This clause shall survive indefinitely the termination of this MOU for any reason.

XXVIII- COMPTROLLER REGISTRY

The PRDOH must register this MOU in the Office of the Comptroller within **fifteen (15) days** following the date of execution of this MOU and any subsequent amendment hereto. The services object of this MOU may not be invoiced or paid until this MOU has been registered by the PRDOH at the Comptroller's Office, pursuant to Act No. 18 of October 30, 1975, as amended by Act No. 127 of May 31, 2004.

XXIX- ENTIRE AGREEMENT

This MOU constitutes the entire agreement among the Parties for the use of funds received under this MOU and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written among the Parties with respect to this MOU.

XXX- FEDERAL FUNDING

The fulfillment of this MOU is based on those funds being made available to the PRDOH as the lead administrative agency for Recovery. The Owner acknowledges that all funds are subject to recapture and repayment for non-compliance.

XXXI- RECAPTURE OF FUNDS

PRDOH may recapture payments it makes to Owner that (i) exceed the maximum allowable rates; (ii) are not allowed under applicable laws, rules, or regulations; or (iii) are otherwise inconsistent with this MOU, including any unapproved expenditures. The Owner

must refund such recaptured payments within **thirty (30) days** after the PRDOH issues notice of recapture to the Owner.

XXXII- OVERPAYMENT

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

XXXIII- COUNTERPARTS

This MOU may be executed in any number of counterparts, each of whom shall be deemed to be an original, however, all of which together shall constitute one and the same instrument. If the MOU is not executed by the PRDOH within **thirty (30) days** of execution by the other party, this MOU shall be null and void.

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XXXIV- SURVIVAL OF TERMS AND CONDITIONS

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

IN WITNESS THEREOF, the Parties hereto execute this Memorandum of Understanding in the place and on the date first above written.

PUERTO RICO DEPARTMENT OF HOUSING, CDBG-DR

By: William O. Rodríguez Rodríguez
William O. Rodríguez Rodríguez (Mar 15, 2021 20:19 EDT)
Name: William O. Rodríguez Rodríguez, Esq.
Title: Secretary

HOUSING PROPERTY OWNER

By: Juan Carlos Albors (Mar 15, 2021 17:31 EDT)
Name: Juan Carlos Albors Lahongrais
Title: President
DUNS: 117570475

EXHIBIT A

HUD GENERAL PROVISIONS

RENTAL ASSISTANCE PROGRAM ("THE PROGRAM")

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GOVERNMENT OF PUERTO RICO
Department of Housing

HUD General Provisions

Given that the MEMORANDUM OF UNDERSTANDING, (hereinafter "**MOU**") 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 MOU. In addition, the Owner 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 Owner shall include these terms and conditions in all subcontracts or purchase orders directly servicing the Agreement.

These general provisions may be updated from time to time. It is the sole responsibility of the Owner 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.

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General Provisions:

1. PROVISIONS REQUIRED BY LAW DEEMED INSERTED

Each and every provision of law and clause required by law to be inserted in this MOU shall be deemed to be inserted herein and the MOU 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 MOU shall forthwith be physically amended to make such insertion or correction.

2. STATUTORY AND REGULATORY COMPLIANCE

The Owner shall comply with all laws and regulations applicable to the Community Development Block Grant-Disaster Recovery funds appropriated by the Supplemental Appropriations for Disaster Relief Requirements, 2017 (Pub. L. 115-56), approved September 8, 2017 (Appropriations Act), as amended, 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 AGREEMENT TERMS

The PRDOH reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of this MOU, in instances where the Owner or any of its subcontractors violate or breach any MOU term. If the Owner or any of its subcontractors violate or breach any MOU term, they shall be subject to such sanctions and penalties as may be appropriate. The duties and obligations imposed by the MOU 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 Owner shall complete and submit all reports, in such form and according to such schedule, as may be required by the PRDOH and/or the Government of Puerto Rico. The Owner shall cooperate with all the PRDOH and/or the Government of Puerto Rico efforts to comply with HUD requirements and regulations pertaining to reporting, including but not limited to 24 C.F.R. §§ 85.40-41 (or 84.50-52, if applicable) and 570.507, when applicable.

5. ACCESS TO RECORDS

The Government of Puerto Rico, the PRDOH, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have, at any time and from time to time during normal business hours, access to any work product, books, documents, papers, and records of the Owner which are related to this MOU, for the purpose of inspection, audits, examinations, and making excerpts, copies and transcriptions.

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6. MAINTENANCE/RETENTION OF RECORDS

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

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

The Owner will take necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used in subcontracting when possible. Steps include, but are not limited to:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and

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

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

8. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR 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.

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9. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

The Proposer will comply with the provisions of Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives Federal funds or other Federal financial assistance. Programs that receive Federal funds cannot distinguish among individuals on the basis of race, color or national origin, either directly or indirectly, in the types, quantity, quality or 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.

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

The Owner 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, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Section 109 further provides that discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

11. SECTION 504 OF THE REHABILITATION ACT OF 1973

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

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

12. AGE DISCRIMINATION ACT OF 1975

The Owner 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.

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13. DEBARMENT, SUSPENSION, AND INELIGIBILITY

The Owner represents and warrants that it and its subcontractors are not debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance programs subject to 2 C.F.R. Part 2424.

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14. CONFLICTS OF INTEREST

The Owner shall notify the PRDOH as soon as possible if this MOU or any aspect related to the anticipated work under this MOU raises an actual or potential conflict of interest (as defined at 2 C.F.R. Part 215 and 24 C.F.R. § 85.36 or 84.42, if applicable). The Owner shall explain the actual or potential conflict in writing in sufficient detail so that the PRDOH is able to assess such actual or potential conflict. The Owner shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The Owner shall accept any reasonable conflict mitigation strategy employed by the PRDOH, including but not limited to the use of an independent subcontractor(s) to perform the portion of work that gives rise to the actual or potential conflict.

15. SUBCONTRACTING

When subcontracting, the Owner shall solicit for and contract with such subcontractors in a manner providing for fair competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

(i) Placing unreasonable requirements on firms in order for them to qualify to do business;
(ii) Requiring unnecessary experience and excessive bonding;
(iii) Noncompetitive pricing practices between firms or between affiliated Companies;
(iv) Noncompetitive awards to consultants that are on retainer contracts,

(v) Organizational conflicts of interest;
(vi) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement; and
(vii) Any arbitrary action in the procurement process.

The Owner represents to the PRDOH that all work shall be performed by personnel experienced in the appropriate and applicable profession and areas of expertise, taking into account the nature of the work to be performed under this MOU.

The Owner will include these HUD General Provisions in every subcontract issued by it, so that such provisions will be binding upon each of its subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors.

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16. ASSIGNABILITY

The Owner shall not assign any interest in this MOU, and shall not transfer any interest in the same (whether by assignment or novation) without prior written approval of the PRDOH.

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17. INDEMNIFICATION

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

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

Salaries of personnel performing work under this MOU shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the Copeland "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. § 874; and Title 40 U.S.C. § 276c). The SUBRECEPIENT shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under this Agreement to ensure compliance by subcontractors with such regulations, and shall be responsible for the submission of affidavits required of subcontractors thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof.

19. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT
(Applicable to construction contracts exceeding $2,000 and contracts exceeding $2,500 that involve the employment of mechanics or laborers.)

The Owner shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-330) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

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

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20. DAVIS-BACON ACT
(Applicable to construction contracts exceeding $2,000 when required by Federal program legislation.)

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The Owner shall comply with the Davis Bacon Act (40 U.S.C. §§ 276a to 276a-7) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by Owner or subcontractors, including employees of other governments, on construction work assisted under this MOU, and subject to the provisions of the federal acts and regulations listed in this paragraph, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

On a semi-annual basis, the Owner shall submit Form HUD 4710 (Semi-Annual labor Standards Enforcement Report) to PRDOH.

21. TERMINATION FOR CAUSE
(Applicable to contracts exceeding $10,000)

If, through any cause, the Owner shall fail to fulfill in a timely and proper manner his or her obligations under this MOU, or if the Owner shall violate any of the covenants, agreements, or stipulations of this MOU, the PRDOH shall thereupon have the right to terminate this MOU by giving written notice to the Owner of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the Owner under this MOU shall, at the option of the PRDOH, become the PRDOH's property and the Owner shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the Owner shall not be relieved of liability to the Government of Puerto Rico and PRDOH for damages sustained

by the Government of Puerto Rico and/or PRDOH by virtue of any breach of the MOU by the Owner, and the Government of Puerto Rico and/or PRDOH may withhold any payments to the Owner for the purpose of set-off until such time as the exact amount of damages due to the Government of Puerto Rico and/or PRDOH from the Owner is determined.

22. TERMINATION FOR CONVENIENCE
(Applicable to contracts exceeding $10,000)
The PRDOH may terminate this MOU at any time by giving at least ten (10) days' notice in writing to the Owner. If the MOU is terminated by the PRDOH as provided herein, the Owner will be paid for the time provided and expenses incurred up to the termination date.

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23. SECTION 503 OF THE REHABILITATION ACT OF 1973
(Applicable to contracts exceeding $10,000)
The Owner shall comply with Section 503 of the Rehabilitation Act of 1973 (29 U.S.C. § 793), as amended, and any applicable regulations.

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Equal Opportunity for Workers with Disabilities:

1) The Owner 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 Owner agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based on their physical or mental disability in all employment practices, including the following:

(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 Owner;
(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 Owner including social or recreational

programs; and

(ix) Any other term, condition, or privilege of employment.

2) The Owner agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the act.

3) In the event of the Owner's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the act.

4) The Owner agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, provided by or through the contracting officer. Such notices shall state the rights of applicants and employees as well as the Owner's obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The Owner must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Owner 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).

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5) The Owner will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Owner is 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 Owner 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 Owner 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.

24. EQUAL EMPLOYMENT OPPORTUNITY
(Applicable to construction contracts and subcontracts exceeding $10,000)
The Owner shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60).

During the performance of this MOU, the Owner agrees as follows:

1) The Owner shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Owner shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

2) The Owner shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by Contracting Officer setting forth the provisions of this non-discrimination clause. The Owner shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

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3) The Owner will, in all solicitations or advertisements for employees placed by or on behalf of the Owner, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

4) The Owner will send to each labor union or representative of workers with which he or she has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers representative of the Owner's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5) The Owner will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

6) The Owner will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

7) In the event of the Owner's non-compliance with the non-discrimination clause of this MOU or with any of such rules, regulations or orders, this MOU may be cancelled, terminated or suspended in whole or in part and the Owner may be declared ineligible for further government contracts in accordance with procedures

authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

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

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

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The Owner certifies that it does not maintain or provide for its establishments, and that it does not permit employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for employees any segregated facilities at any of its establishments, and it will not permit employees to perform their services at any location under its control where segregated facilities are maintained. The Owner agrees that a breach of this certification is a violation of the equal opportunity clause of this MOU.

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

The Owner further agrees that (except where it has obtained for specific time periods) it will obtain identical certification from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the equal opportunity clause; that it will retain such certifications in its files; and that it will forward the preceding notice to such proposed subcontractors (except where proposed subcontractors have submitted identical certifications for specific time periods).

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

The Owner and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, 42 U.S.C. § 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 C.F.R. Part 15 and 32, as amended, Section 508 of the Clean Water Act (33 U.S.C. § 1368) and Executive Order 11738.

In addition to the foregoing requirements, all nonexempt contractors and subcontractors shall furnish to the owner, the following:

1) A stipulation by the Owner or subcontractors, that any facility to be utilized in the performance of any nonexempt contract or subcontract, is not listed on the Excluded Party Listing System pursuant to 40 C.F.R. 32 or on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 C.F.R. Part 15, as amended.

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2) Agreement by the Owner to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. § 1857 c-8) 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 Owner, prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized, or to be utilized for the Agreement, is under consideration to be listed on the Excluded Party Listing System or the EPA List of Violating Facilities.

4) Agreement by the Owner that he or she will include, or cause to be included, the criteria and requirements in paragraph (1)through (4) of this section in every nonexempt subcontract and requiring that the Owner will take such action as the government may direct as a means of enforcing such provisions.

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

By the execution of this MOU, the Owner certifies, to the best of his or her knowledge and belief, that:

1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Owner, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Owner shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

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3) The Owner shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

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

28. BONDING REQUIREMENTS
(Applicable to construction and facility improvement contracts exceeding $100,000)

The Owner shall comply with Puerto Rico bonding requirements, unless they have not been approved by HUD, in which case the Owner shall comply with the following minimum bonding requirements:

1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his or her bid, execute such contractual documents as may be required within the time specified.

2) A performance bond on the part of the Owner for one hundred percent (100%) of the MOU price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the Owner's obligations under such contract.

3) A payment bond on the part of the Owner for one hundred percent (100%) of the MOU price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

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

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

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2) The parties to this MOU agree to comply with HUD's regulations in 24 C.F.R. Part 135, which implement Section 3. As evidenced by their execution of this MOU, the parties to this MOU certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

3) The Owner agrees to send to each labor organization or representative of workers with which the Owner has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Owner's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

4) The Owner agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 135. The SUBRECEPIENT will not subcontract with any subcontractor where

the Owner has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 135.

5) The Owner will certify that any vacant employment positions, including training positions, that are filled: (1) after the Owner is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the Owner's obligations under 24 C.F.R. Part 135.

6) Noncompliance with HUD's regulations in 24 C.F.R. Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

7) With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

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

30. FAIR HOUSING ACT

The Owner shall comply with the provisions of the Fair Housing Act of 1968, as amended. The act prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. The Equal Opportunity in Housing Act prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.

31. ENERGY POLICY AND CONSERVATION ACT

The Owner shall comply with mandatory standards and policies relating to energy efficiency as contained in the Government of Puerto Rico's energy conservation plan, issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201 *et seq*).

32. HATCH ACT

The Owner agrees to comply with mandatory standards and policies relating to Hatch Act, Public Law 94-163, as amended.

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

The Owner may not do the following activities: be a candidate in partisan elections; use official influence to interfere in elections; coerce political contributions from subordinates in support of political parties or candidates. The U.S. Office of Special Counsel operates a website that provides guidance concerning Hatch Act issues. https://www.hud.gov/program_offices/general_counsel/Hatch_Act

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33. HEALTH AND SAFETY STANDARDS

All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or dangerous to his or her health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies or materials or articles ordinarily available on the open market, or contracts for transportation.

34. PERSONNEL

The Owner represents that it has, or will secure at its own expense, all personnel required in performing the services under this MOU. Such personnel shall not be employees of, or have any contractual relationship with, the contracting party. All the services required hereunder will be performed by the Owner or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such services. No person who is serving sentence in a penal or correctional institution shall be employed on work under this MOU.

35. WITHHOLDING OF WAGES

If in the performance of this MOU, there is any underpayment of wages by the Owner or by any subcontractor thereunder, the PRDOH may withhold from the Owner out of payment due to him or her an amount sufficient to pay to employees underpaid the difference between the wages required thereby to be paid and the wages actually paid

such employees for the total number of hours worked. The amounts withheld may be disbursed by the PRDOH for and on account of the Owner or subcontractor to the respective employees to whom they are due.

36. CLAIMS AND DISPUTES PERTAINING TO WAGE RATES

Claims and disputes pertaining to wage rates or to classifications of professional staff or technicians performing work under this MOU shall be promptly reported in writing by the Owner to the PRDOH for the latter's decision, which shall be final with respect thereto.

37. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

No person employed on the services covered by this MOU shall be discharged or in any way discriminated against because he or she has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable hereunder to his or her employer.

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38. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS

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The Owner agrees to establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have a family, business, or other tie. The Owner will be aware of and avoid any violation of the laws of this State which prohibit municipal officers and employees from having or owning any interest or share, individually or as agent or employee of any person or corporation, either directly or indirectly, in any contract made or let by the governing authorities of such municipality for the construction or doing of any public work, or for the sale or purchase of any materials, supplies or property of any description, or for any other purpose whatsoever, or in any subcontract arising therefrom or connected therewith, or to receive, either directly or indirectly, any portion or share of any money or other thing paid for the construction or doing of any public work, or for the sale or purchase of any property, or upon any other contract made by the governing authorities of the municipality, or subcontract arising therefore or connected therewith.

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

39. INTEREST OF CERTAIN FEDERAL OFFICERS

No member of, or delegate to, the Congress of the United States and no Resident Commissioner shall be admitted any share or part of this MOU or to any benefit to arise therefrom.

40. INTEREST OF SUBRECEPIENT

The Owner agrees that it presently has no interest and shall not acquire any interest, direct or indirect, in the above described project or any parcels therein or any other interest which would conflict in any manner or degree with the performance of the Work hereunder. The Owner further agrees that no person having any such interest shall be employed in the performance of this Agreement.

41. POLITICAL ACTIVITY

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

42. RELIGIOUS ACTIVITY

JC The Owner agrees to abstain from using any funds related to this MOU for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

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43. FLOOD DISASTER PROTECTION ACT OF 1973

The Owner will ensure that procedures and mechanisms are put into place to monitor compliance with all flood insurance requirements as found in the Flood Disaster Protection Act of 1973, 24 C.F.R. § 570.605.

44. LEAD BASED PAINT

The Owner must comply with the regulations regarding lead-based paint found at 24 C.F.R. § Part 35 on LEAD-BASED PAINT POISONING PREVENTION IN CERTAIN RESIDENTIAL STRUCTURES with regards to all housing units assisted using CDBG-DR funds.

45. VALUE ENGINEERING

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

The Owner must comply with the regulations regarding systematic and organized approach to analyze functions of systems, equipment, facilities, services, and materials to ensure they achieve their essential functions at the lowest cost consistent to life cycle in execution, reliability, quality, and safety, in accordance with 24 C.F.R. § 200.318.(g).

END OF DOCUMENT

MOU - Égida Lomas de Santa Marta Limited Partnership

Final Audit Report 2021-03-16

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