

GOVERNMENT OF PUERTO RICO
SAN JUAN, PUERTO RICO

MEMORANDUM OF UNDERSTANDING

APPEAR



AS PARTY OF THE FIRST PART: The **PUERTO RICO HOUSING FINANCE AUTHORITY**, an instrumentality of the Government of Puerto Rico created by Act No. 103, enacted on August 11, 2001, as amended, known as the "Puerto Rico Housing Financing Authority Act" (the PRHFA Act"), with principal offices at Calle Aldebarán 638, Urb. Altamira, San Juan, Puerto Rico, represented in this Memorandum of Understanding ("MOU") by its Executive Director, **Pablo G. Muñiz Reyes**, of legal age, married, executive and resident of Guaynabo, Puerto Rico, herein after referred to as "PRHFA".

AS PARTY OF THE SECOND PART: The **PUERTO RICO DEPARTMENT OF HOUSING**, a public agency of the Government of Puerto Rico created under Act No. 97, dated June 10, 1972, as amended, known as the "Department of Housing Organic Act" ("PRDOH Organic Act"), with principal offices at San Juan, Puerto Rico, represented in this MOU by its Secretary, **Hon. Luis C. Fernández Trinchet**, of legal age, single, executive, and resident of Guaynabo, Puerto Rico, herein after referred to as "PRDOH".

I. RECITALS AND GENERAL INFORMATION

1.1: On September 2017, Hurricanes Irma and María made landfall in Puerto Rico causing catastrophic island wide damage, knocking out power, water, and communications 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.

1.2: Under Public Laws 115-56 & 115-123, \$1.5 billion and \$8.22 billion respectively, 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. Pursuant to a letter dated February 23, 2018, sent by the former Governor of Puerto Rico to the Hon. Benjamin Carson, Secretary of HUD, the PRDOH is the governmental agency designated as grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

1.3: On September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed the Grant Agreement. According to part of the approved current Action Plan, Puerto Rico intends to undertake the Home Buyer Assistance Program (hereinafter, the "HBA Program"). The focus of this program is to increase homeownership rates for income-eligible households that will support long-term economic viability of communities impacted by Hurricanes Irma and María across the Island. Through the provision of financial assistance to cover closing costs and down payment assistance, the HBA Program lowers the home acquisition and carrying costs. The approved current Action Plan allocated a total budget of three-hundred and fifty million dollars (\$350,000,000.00) to the HBA Program.

1.4: On July 2, 2020, the PRDOH and the PRHFA executed a Subrecipient Agreement, hereafter referred as the "DOH-PRHFA Subrecipient Agreement". By virtue of this agreement, the PRDOH designated the PRHFA as subrecipient and assigned the sum of one hundred fifty-six million one hundred ninety-two thousand six hundred twenty-eight dollars (\$156,192,628.00) of the mentioned funds to the PRHFA who will serve as administrator and servicer for the HBA Program in partnership with PRDOH and for the services described in the Scope of Work ("SOW") under the DOH-PRHFA Subrecipient Agreement.

1.5: As part of the SOW described on the DOH-PRHFA Subrecipient Agreement, the PRHFA shall manage all aspects of the Program, and execute the activities required for its successful implementation, including, but not limited to conduct intake of Program applications, perform eligibility reviews, underwriting and Duplication of Benefits (DOB) review, provide PRDOH with completed Part 58 Environmental Review, coordinate closing process with financial institutions (Lenders) for each CDBG-DR award and submit request for payments to PRDOH in a timely manner.

1.6: The PRDOH has the legal power and authority, in accordance with its enabling statute, the PRDOH Organic Act, as amended, supra, the federal laws and regulations, creating and allocating funds to the CDBG-DR program and the current Action Plan, to enter and perform under this Agreement. Likewise, the PRHFA, in accordance with its organic law, Act 103-2001, has the legal power and authority to enter into this Agreement and has agreed to undertake the corresponding administrative responsibilities under the HBA Program and has duly adopted Resolution No. 2020-12, dated July 13th, 2020, authorizing the PRHFA to enter into this Agreement with the PRDOH.

1.7: The Parties have identified the possibility of expediting the final disbursement of the CDBG-DR funds to the participants. Under this Memorandum of Understanding, the Parties have agreed that, PRHFA will advance the approved CDBG-DR funds to the participant subject to the following:

II. TERMS & CONDITIONS

2.1: The PRHFA will set aside the amount of \$5,000,000 of PRHFA non-restricted funds (Budget Account No. 030-050928) to be used as a revolving advancement reserve account ("Reserve Account") for the CDBG-DR funds to be disbursed to each approved participant of the HBA Program.

2.2: As part of the HBA Program, PRHFA will inform PRDOH the participants that have been approved to receive the CDBG-DR funds and the amount of each draw.

2.3: PRDOH will approve the disbursement of the approved amount from PRHFA Reserve Account, after the corresponding review for compliance with the HBA Program Guidelines and policies and procedures. PRDOH will provide evidence of such request to PRHFA as part of the authorization to disburse the funds from the Reserve Account. The process for approval within PRDOH will not exceed ten (10) days, after the request to HUD has been submitted.

2.4: PRHFA will disburse the approved amount to the participant from the Reserve Account. PRHFA will continue to draw from the Reserve Account only if funds are available on the Reserve Account.

2.5: Once PRDOH receives the draw authorization from HUD, the authorized amount will be transferred to the PRHFA Reserve Account to be available for other disbursements as a revolving account.

2.6: The Parties recognize the Reserve Account is not a loan to PRDOH and is not to be treated as such. The Reserve Account is part of the services provided by the PRHFA as part of the DOH-PRHFA Subrecipient Agreement. PRHFA will not charge PRDOH for the administration of the Reserve Account.

2.7: The Parties agree that in case the Reserve Account is depleted, PRHFA will not be required to continue advancing the CDBG-DR funds until more funds are reimbursed by PRDOH to the Reserve Account, but must continue to perform his other duties as agreed on the DOH-PRHFA Subrecipient Agreement.

2.8: The PRHFA will provide PRDOH a weekly account report on the Reserve Account. Such report shall include information detailing each draw and credit to the Reserve Account, as well the current balance of the account.

2.9: Once the HBA Program is terminated and/or completed, the Reserve Account will be settled, closed and any amounts will continue to belong to PRHFA. The PRDOH will reimburse to the PRHFA for any difference from the original amount established in the account (\$5,000,000).

2.10: This MOU is binding for the Parties and their respective successors in interest, administrators and/or designated successors. The Parties shall be prevented from assigning or transferring this MOU or any part of it, without the written consent of the other Parties.

2.11: This MOU will be effective from the date it is executed until **July 2, 2024**.

2.12: This MOU shall be subject to and interpreted in accordance with the laws and regulations of the Commonwealth of Puerto Rico, as well as applicable federal laws and regulations.

2.13: If any clause or condition of this MOU is determined judicially or administratively null and illegal by reason of law or public policy, all other clauses will continue to be valid and in full force.

2.14: No compensation or obligation of the parties may be demanded or enforced until this MOU has been duly filed with the Office of the Comptroller of Puerto Rico pursuant to Act No. 18 enacted on October 30, 1975, as amended. Each party shall provide evidence of their respective filing to the other parties within two (2) business days after such filing.

2.15: It is not the intention of the Parties for this MOU to effect or constitute an extinctive Novation of the obligations of the Parties under the DOH-EDBPR Subrecipient Agreement.

2.16: Interagency Services Clause: Both Parties acknowledge and agree that services retained may be provided to any entity of the Executive Branch with which the contracting entity makes an interagency agreement or by direct provision of the Office of the Chief of Staff of the Governor (Secretario de la Gobernación). These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For purposes of this clause, the term "Executive Branch" entity includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations and the Office of the Governor.

2.17: Chief of Staff Termination Clause: The Chief of Staff (Secretario de la Gobernación) of the Governor shall have the power to terminate this MOA at any time.

2.18: Either Party may terminate this MOU with prior written notice to the other parties by registered mail with acknowledgment of receipt or by courier thirty (30) days in advance of the date of termination. Any written notification must be sent to the following addresses:

PUERTO RICO HOUSING FINANCE
AUTHORITY
Po Box 71361
San Juan, Puerto Rico 00936-4226

PUERTO RICO DEPARTMENT OF
HOUSING
606 Barbosa Ave. Juan C. Cordero Building
Río Piedras, Puerto Rico 00918

IN WITNESS WHEREOF, the parties hereto subscribe this MOU on this ____ of September,
2020.

**PUERTO RICO HOUSING FINANCE
AUTHORITY**

**PUERTO RICO DEPARTMENT
OF HOUSING**



By: **Pablo G. Muñoz Reyes**
Executive Director



Luis C. Fernández-Trinchet (Sep 29, 2020 13:41 EDT)

By: **Luis C. Fernández Trinchet**
Secretary of Housing






MOU PRHFA-PRDOH reembolso HBA funds-signed

Final Audit Report

2020-09-29

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"MOU PRHFA-PRDOH reembolso HBA funds-signed" History

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