GOVERNMENT OF PUERTO RICO
Department of Housing

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

DEPTO. VIVIENDA REGISTRADO JUN 18 2019 2019-DR0016 DIVISION CONTRATOS

SUBRECIPIENT AGREEMENT

BETWEEN THE

PUERTO RICO DEPARTMENT OF HOUSING

AND THE

MUNICIPALITY OF CIALES

This **SUBRECIPIENT AGREEMENT** (hereinafter, the "Agreement") is entered into this 14 day of June, 2019, 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, dated June 10, 1972, as amended, 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, Hon. Fernando A. Gil-Enseñat, of legal age, attorney, married, and resident of Guaynabo, Puerto Rico; and the **MUNICIPALITY OF CIALES** (the "Municipality"), a local government legal entity, with principal offices at Ciales, Puerto Rico, represented herein by its Mayor, Hon. Luis Maldonado Rodríguez, of legal age, married, Mayor, and resident of Ciales, Puerto Rico, collectively the "Parties".

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, under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, signed into law September 8, 2017 (Pub. L. 115-56), $1.5 billion were allocated by the U.S. Department of Housing and Urban Development (HUD) for disaster recovery assistance to the Government of Puerto Rico under the CDBG-DR. These funds are intended to provide financial assistance to address unmet needs that arise and that are not covered by other sources of financial aid.

WHEREAS, on February 9, 2018, a Notice was published in the Federal Register, Volume 83, Issue 28 (83 FR 5844), that allocated $1.5 billion for disaster recovery assistance to the Government of Puerto Rico.

WHEREAS, pursuant to a letter dated February 23, 2018 sent by the Governor of Puerto Rico to the Honorable Benjamin Carson, Secretary of HUD, the PRDOH is the governmental agency designated by the Governor of Puerto Rico as grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

WHEREAS, on August 14, 2018, an additional allocation of $8.22 billion for recovery was allocated to Puerto Rico under Federal Register Volume 83, Issue 157, 83 FR 40314. With these allocations of funding, the PRDOH aims to lead a transparent, comprehensive recovery to benefit the residents of Puerto Rico. PRDOH holds accountability and is committed to the responsible, efficient, and transparent administration of CDBG-DR

grant funding. On September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed the Grant Agreement.

WHEREAS, according to the approved Action Plan, Puerto Rico intends to undertake a **Home Repair, Reconstruction, or Relocation Program** (hereinafter, "**R3 Program**"). The focus of the R3 Program is to provide relief for those who were impacted by Hurricanes Irma and María who have unmet housing needs while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. The approved Action Plan allocated a total budget of $2,175,570,050 to this program. The PRDOH designated $232,000.00 of the mentioned funds to the Municipality who will serve as administrator and servicer for the services included in the Scope of Work under this Agreement;

WHEREAS, as the Municipality strengthens its internal capacity and with its program partners, it may submit amendments to the Agreement to cover the above-listed portfolio of CDBG-DR funded housing programs as well as any other CDBG-DR funded program as specified in the HUD-approved Hurricanes Maria and Irma Action Plan;

WHEREAS, the Municipality will assist the PRDOH in utilizing CDBG-DR funds to carry out the R3 Program, pursuant to this Agreement;

WHEREAS, the CDBG-DR funds made available for use by the Municipality under this Agreement constitute a Subaward of the PRDOH's Federal Award, the use of which must be in accordance with requirements imposed by Federal statutes, regulations, and the terms and conditions of the PRDOH's Federal Award; and

WHEREAS, the Municipality has legal authority to enter this Agreement and has agreed to undertake the corresponding administrative responsibilities under the R3 Program. The Municipality has duly adopted the Resolution dated 2018-2019 and with Identification No. 53, authorizing the Municipality to enter into this Agreement with the PRDOH, and by signing this Agreement, the Municipality assures PRDOH that Municipality shall comply with all the requirements described herein.

GENERAL AWARD INFORMATION

The Subaward from PRDOH to the Municipality contemplated hereunder is for the purpose of carrying out a portion of the Federal Award described in Section I above; thus, a federal assistance relationship is created with the Municipality. This Agreement shall be updated to reflect any changes to the Federal Award and the following award information.

Municipality Contact Information:	Bienvenido Montijo PO Box 1408, Ciales, PR 00638
CDBG-DR Grantee Federal Award Identification Number:	PRDOH DUNS #:054115628
CDBG-DR Grantee Federal Award Date:	September 20, 2018
Federal Award project description:	See **Exhibit A** for Scope of Work
Municipality Unique Identifier:	DUNS number: 091118869
Subaward Period of Performance:	Start Date: Effective Date, as defined in Section IV of this Agreement. End Date: thirty-six (36) months from Start Date

Funds Certification:	Dated: June 5, 2019 Amount: $232,000.00 Funds Allocation: CDBG-DR "B-17-DM-72-0001" Account Number: 4190-10-000 See **Exhibit E** for Funds Certification

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

TERMS AND CONDITIONS

II. ATTACHMENTS

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

Exhibit A	Scope of Work
Exhibit B	Timelines and Performance Goals
Exhibit C	Key Personnel
Exhibit D	Budget
Exhibit E	Funds Certification
Exhibit F	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 Agreement. Should any inconsistency appear between the Attachments and this Agreement, the Agreement shall prevail.

III. SCOPE OF WORK

The Municipality shall be responsible for performing the activities detailed in **Exhibit A** (hereinafter, the "Scope of Work") of this Agreement, which may be amended from time to time with the consent of both Parties. The Municipality shall complete the Scope of Work in a manner satisfactory to the PRDOH and consistent with the terms and conditions of this Agreement and applicable Federal and local statutes and regulations.

A. Municipality Management Responsibilities

1. The Municipality shall only perform and be responsible of the activities detailed in **Exhibit A** ("Scope of Work"), herein attached and made integral part of this Agreement.

2. As a condition of receiving this subaward, the Municipality shall assist the PRDOH in procurement, management, monitoring and reporting of the services included in the **Exhibit A** for the R3 Program, within the boundaries of the Municipality.

3. All services shall be made in accordance with PRDOH guidelines (hereinafter the "Policy"), HUD guidelines and regulations, and other applicable state and federal laws and regulations.

4. The services contracts will be subject to the previous written approval of PRDOH to become effective and will incorporate any clauses or dispositions required by PRDOH, including, but not limited to, the Contract termination for convenience of the PRDOH.

5. The Municipality will develop plans in accordance with the **Exhibit A**. The PRDOH reserves authority and discretion to review and approve such plans.

6. Any proposed budget set forth for the above noted services managed by the Municipality shall clearly specify proposed funding for administrative costs and/or program delivery costs and/or planning costs, to the extent that such costs are considered applicable categories for funding.

B. General Administration

Prohibited Activities

The Municipality may only carry out the roles and responsibilities described in this Agreement and the activities related to the performance of the Scope of Work described in **Exhibit A** of this Agreement. Notwithstanding anything to the contrary in this Agreement, the Municipality shall not be obligated to perform any work or services outside the Scope of Work described in **Exhibit A** of this Agreement.

The Municipality is prohibited from charging to the PRDOH the costs of CDBG and/or CDBG-DR ineligible activities, including those described at 24 CFR 570.207, unless waived or made eligible by an applicable Federal Register Notice, from using funds provided herein or personnel employed in the administration of activities under this Agreement for political activities, inherently religious activities, or lobbying. The Municipality may be financially liable for the carry out of activities outside of the parameters of the Scope of Work of this Agreement.

C. National Objectives

All activities funded with CDBG-DR funds must meet one of the CDBG-DR program's National Objectives: (i) benefit low-and moderate-income persons; (ii) aid in the prevention or elimination of slums or blight, or; (iii) meet community development needs having a particular urgency, as defined in 24 CFR 570.208.

The Municipality certifies that the activities carried out under this Agreement shall meet the following national objective(s) and satisfy the following criteria:

- Low- and moderate-Income (LMI) Area Benefit;
- Low- and Moderate-Income (LMI) Housing.

The Municipality shall ensure that the services meet the applicable CDBG-DR National Objective(s) and that the subcontractor or third party complete the applicable forms to document the National Objective(s).

D. Levels of Accomplishment – Performance Goals and Timelines

The Municipality shall complete the activities required under the Scope of Work (SOW) of this Agreement in accordance with the timeframes and performance goals set forth in **Exhibit B** ("Timelines and Performance Goals") of this Agreement, herein attached and made an integral part of this Agreement.

E. Nonperformance Standard

If at the end of the six (6) months from the Effective Date, as defined in **Section V** of this Agreement, the program activity has not begun or at any time during the two (2) years term the program activity has not accomplished the performance objectives set forth by the PRDOH in **Exhibit B** ("Timelines and Performance Goals"), the PRDOH, may, at its discretion, terminate this Agreement, de-obligate funds made available under this agreement, and/or recapture funds previously expended by the Subrecipient under this agreement from non-federal funds. No contract extensions shall be granted unless the Municipality can document circumstances beyond its control that prevented start of the activity. In accordance with written policies and procedures, the PRDOH shall review the properly filed and documented circumstances which are alleged to have prevented the initiation of activity and exclusively reserves the right to decide relative to the reasons stated as well as the prevailing circumstances.

F. Staffing

The Municipality shall supervise and direct the completion of all activities under this Agreement. Any changes in assigned key personnel (hereinafter, the "Key Personnel") assigned or their responsibilities under the activities are subject to the prior approval of the PRDOH. If possible, it is the best practice for Municipality to provide PRDOH with ample written notice to the personnel changes and requests. Ample notice in this context shall be ten (10) business days. If that is not possible, then Municipality shall make all reasonable effort to notify PRDOH of changes.

At a minimum, Municipality shall assign the staff with the identified responsibilities to the identified activities as described in **Exhibit C** ("Key Personnel") of this Agreement, herein attached and made integral part of this Agreement.

Depending on the needs of the R3 Program activity, the Municipality shall provide staff and/or procure professional service contractors to assist with the compliance of said activities. The staff who will support the R3 Program activities included in the Scope of Work, shall solely perform those tasks and shall be remunerated hourly.

As a reimbursement-based program, tasks and deliverables contained in the Scope of Work **(Exhibit A)** and in the PRDOH's approval thereof must be conducted in a manner satisfactory to PRDOH and in compliance with applicable federal and state requirements, laws, and regulations. The Municipality shall monitor the performance of its staff, and contractors against the goals and performance standards as stated in the **Exhibit B** ("Timelines and Performance Goals").

G. Pre-Award Costs

Pre-award costs applicable to the Subrecipient are strictly prohibited.

IV. PERFORMANCE, MONITORING AND REPORTING

A. Monitoring

The PRDOH shall monitor the performance of the Municipality as necessary to ensure that the funds allocated to the Municipality are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of this Agreement, including the timeframes and performance goals set forth in **Exhibit B** associated with the activities included in the Scope of Work **(Exhibit A).**

This review shall include: (1) reviewing financial and performance reports required by the PRDOH; (2) following-up and ensuring that the Municipality takes timely and appropriate

action on all deficiencies pertaining to the Federal award provided to the Municipality from the PRDOH detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this Federal award provided to the Municipality from the PRDOH as required by 2 CFR §200.521.

Substandard performance, as specified in policies and procedures reviewed and approved by PRDOH, shall constitute noncompliance with this Agreement.

If action to correct such substandard performance is not taken by the Municipality within **fifteen (15) days** after being notified by PRDOH, PRDOH may impose additional conditions on the Municipality and suspend or terminate this Agreement, disallow all or part of the cost of the activity or action not in compliance or initiate other remedies for noncompliance, as appropriate and permitted under 2 CFR 200.338.

B. Reporting

The Municipality shall submit regular monthly progress reports to the PRDOH, on the form and with the content to be specified and required by the PRDOH. The PRDOH shall later notify Municipality in writing the guidelines and requirements applicable to the submittal of the monthly progress reports, and such notification shall be deemed incorporated by reference to this Agreement.

V. EFFECTIVE DATE AND TERM

This Agreement shall be in effect and enforceable between the parties from the date of its execution. The performance period of this Agreement is thirty-six (36) months from the date of its execution, ending in June, 14, 2022.

The Term shall be the later of: (i); June, 14, 2022. (ii) the date as of which the Parties agree in writing that all Close-Out Requirements1 have been satisfied or, where no Close-Out Requirements are applicable to this Agreement, 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 Agreement.

The Municipality hereby acknowledges that this Agreement is subject to the grant agreement between the Government of Puerto Rico or the PRDOH, and HUD (the "Grant Agreement"); and the availability of the allocated CDBG-DR funds. The Municipality 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 Agreement, upon PRDOH's notice.

Contract Extensions:

PRDOH may, at its sole discretion, extend the Agreement's term for an additional two terms of twelve (12) months, upon mutual written agreement of the parties. The term of this Agreement shall not exceed a period of five (5) years, including options for renewal or extension.

Notice to Proceed:

The Municipality shall not, and shall not be obligated to, commence performance of the Scope of Work until PRDOH issues the notice to proceed ("Notice to Proceed" or "NTP") authorizing the same pursuant to the terms and conditions of this Agreement. Upon the Municipality receipt from PRDOH of the NTP, the Municipality shall promptly commence with the performance of the Work. The NTP shall be issued in the form attached hereto as

1 "Close-Out Requirements" means all requirements to be satisfied by each party in order to close-out this Agreement and the CDBG-DR funds provided herein in accordance with applicable Requirements of Law, including the execution and delivery by one or more of the Parties of all close-out agreements or other legal instruments and the taking of any actions by one or more of the Parties in connection with such close-out, in any case as required under applicable Requirements of Law.

Exhibit A, Schedule A-1. The Municipality agrees to acknowledge its receipt of the NTP by countersigning it and returning such acknowledged copy to PRDOH on the date the NTP is received by the Municipality. The Municipality shall timely provide copies of such notice of commencement to Subcontractors.

Any performance of the Scope of Work prior to the issuance of the NTP shall be considered by the PRDOH as an unapproved activity not subject to reimbursement.

VI. BUDGET

A. Budget

The Municipality shall complete all activities in the Scope of Work of this Agreement (**Exhibit A**) in accordance with the Budget herein incorporated as **Exhibit D** attached herein and made integral part of this Agreement (the "Budget") as such Budget may be amended from time to time.

The Budget may include a reserve of the Subaward for PRDOH's activity delivery costs and expenditures related to the Program. The Municipality may not access the reserve identified in the Budget without written consent from the PRDOH.

The PRDOH may require a more detailed budget breakdown than the one contained herein, and the Municipality shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the PRDOH. Any amendments to the budget must be approved in writing and signed by the PRDOH and the Municipality.

B. Indirect Costs

Indirect costs invoiced, if any, must be consistent with the conditions set forth herein. Indirect costs may be charged to PRDOH under a cost allocation plan prepared in accordance with 2 CFR part 200, subpart E, and as approved by PRDOH in accordance with written policies and procedures, shall be included in the Budget (**Exhibit D**).

C. Program Income

The Municipality shall report monthly all Program Income[2], if any, generated by activities carried out with CDBG-DR funds made available under this Agreement. **All Program**

---

[2] As defined in section VI(A)(19)(a) of the HUD Notice 83 Fed. Reg. 5844, 5856 (February 9, 2018, as may be amended by HUD), *Program Income* is:

> [...] gross income generated from the use of CDBG–DR funds, except as provided in subparagraph (d) of this paragraph, and received by a State or a Subrecipient of a State."
>
> [...]
>
> Program income includes, but is not limited to, the following: (a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG–DR funds; (b) Proceeds from the disposition of equipment purchased with CDBG–DR funds; (c) Gross income from the use or rental of real or personal property acquired by a State, local government, or Subrecipient thereof with CDBG–DR funds, less costs incidental to generation of the income (i.e., net income); (d) Net income from the use or rental of real property owned by a State, local government, or Subrecipient thereof, that was constructed or improved with CDBG–DR funds; (e) Payments of principal and interest on loans made using CDBG–DR funds; (f) Proceeds from the sale of loans made with CDBG–DR funds; (g) Proceeds from the sale of obligations secured by loans made with CDBG–DR funds; (h) Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account; (i) Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the special assessments are used to recover all or part of the CDBG–DR portion of a public improvement; (j) Gross income paid to a State, local government, or a Subrecipient thereof, from the ownership interest in a for profit entity in which the income is in return for the provision of CDBG–DR assistance.

Income (as defined at 24 C.F.R. 570.500) generated by activities carried out with the CDBG-DR Funds must be reported to and returned to PRDOH. Program Income is subject to all applicable CDBG-DR laws and regulations for so long as it exists. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not Program Income and shall be remitted promptly to the PRDOH.

All Program assets, other than Program Income (property, equipment, etc.), if any, shall revert to PRDOH upon termination of this Agreement in accordance with applicable Federal, laws, regulations, HUD Notices, policies, and guidelines.

PRDOH will later notify the Municipality in writing the applicable procedures for the return or reversion of Program Income and Program assets to the PRDOH, and such notification shall be deemed incorporated by reference to this Agreement.

D. Reversion of Assets

Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 24 CFR Part 84 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

> The Municipality shall transfer to PRDOH any CDBG-DR funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
>
> Real property under the Municipality's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of $25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement [or such longer period of time as PRDOH deems appropriate]. If the Municipality fails to use CDBG-DR assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Municipality shall pay PRDOH an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG-DR funds for acquisition of, or improvement to, the property. Such payment shall constitute Program Income to the PRDOH. The Municipality may retain real property acquired or improved under this Agreement after the expiration of the five-year period or such longer period of time as PRDOH deems appropriate.

In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be Program Income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Municipality for activities under this Agreement shall be (a) transferred to the PRDOH for the CDBG-DR program or (b) retained after compensating the PRDOH [an amount equal to the current fair market value of the equipment less the percentage of non-CDBG-DR funds used to acquire the equipment].

VII. PAYMENT

A. Amount:

This Agreement is based on the reimbursement of funds to the Municipality expended on approved CDBG-DR items. Funding is contingent on a CDBG-DR award to PRDOH or a

Grant Agreement between the Government of Puerto Rico or the PRDOH, and HUD, and PRDOH's receipt of CDBG-DR funds. It is expressly agreed and understood that the total funding amount to be paid by the PRDOH to the Municipality under this Agreement shall not exceed the amount specified in the Budget (**Exhibit D**). Such payment shall be compensation for all allowable services required, performed and accepted under this Agreement. However, PRDOH reserves the right to reduce the funding amount if CDBG-DR funding is not provided at the currently anticipated levels and/or if the actual costs for the approved activities are less that those set forth in the Budget (**Exhibit D**).

Any additional funds to complete the services requested by the PRDOH to the Municipality shall be subject to funds availability and shall require an amendment to this Agreement.

B. Requests for Reimbursements:

The Municipality shall submit to PRDOH requests for reimbursements of activities under this Agreement and consistent with the approved Budget (hereinafter, the "Request for Reimbursement") and Scope of Work on a monthly basis. Each Request for Reimbursement shall be broken down into requested reimbursements against the Budget line items specified in **Exhibit D.**

The Municipality shall submit Requests for Reimbursements to the PRDOH, on the form and with the content specified and required by the PRDOH. The Requests for Reimbursements must be submitted with all supporting invoices, bills, time sheets, monthly reports, and any other document necessary to justify the payment, or any other supporting document requested by PRDOH. The Request for Reimbursement must also be accompanied by documentation from the Municipality demonstrating that all procurements for which payment is requested have been made in accordance with this Agreement.

If PRDOH determines that the submitted Request for Reimbursement and supporting documents are acceptable, then the invoice shall be approved for payment.

An authorized representative of the PRDOH shall review each Request for Reimbursement and, if adequate, shall approve and process its payment. Payments to the Municipality shall be made by check or electronic funds transfer (EFT). PRDOH reserves the right to conduct any audit it deems necessary.

In order for the Municipality to receive payment for any work performed hereunder, the following certification must be included in each Request for Reimbursement submitted to the PRDOH:

> **"Under penalty of absolute nullity, I certify that no public servant of the Municipality of Aguada or of the Government is a party to or has an interest in the profits or benefits that are the product of the contract subject of this invoice, and to be a party to or have an interest in the profits or benefits of resulting from the contract, under this invoice a prior dispensation has been issued. The sole consideration to furnish the contracted goods or services subject of the contract is the payment agreed upon with the authorized representative of the parties. The amount that appears in the invoice is fair and correct. The work has been performed, the products have been delivered and the services rendered, and no payment has been received for them."**

The PRDOH shall pay to the Municipality CDBG-DR funds available under this Agreement (See **Exhibit E**, "Funds Certification") based upon information submitted by the

Municipality for allowable costs permitted under this Agreement and consistent with the approved Budget. With the exception of advances, payments shall be made for eligible and allowed expenses actually incurred by the Municipality, and not to exceed actual cash requirements. PRDOH reserves the right to adjust payments in accordance with advance fund and program income balances available in Municipality accounts.

VIII. NOTICES

All notices, requests, approvals, and consents of any kind made pursuant to this Agreement 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 Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice. Communication and details concerning this Agreement shall be directed to the following contract representatives:

CDBG-DR Grantee:	Hon. Fernando A. Gil-Enseñat, Secretary Puerto Rico Department of Housing 606 Barbosa Avenue Juan C. Cordero Building Rio Piedras, Puerto Rico 00918 E-Mail: fgil@vivienda.pr.gov
Municipality:	Hon. Luis Maldonado Rodríguez Municipality of Ciales PO Box 1408, Ciales, PR 00638 E-mail: mariayiyasantiago@gmail.com

IX. AMENDMENT AND TERMINATION

A. Amendments

This Agreement may be amended provided that such amendments make specific reference to this Agreement, 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 Agreement, nor relieve or release the Parties from their obligations under this Agreement.

This Agreement may be amended by the parties hereto, for the purpose of including any other CDBG-DR funded program included in the HUD-approved Hurricanes Maria and Irma Action Plan.

The PRDOH may, in its discretion, amend this Agreement 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, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications shall be incorporated only by written amendment signed by both the PRDOH and the Municipality.

However, PRDOH reserves the right to notify in writing to Municipality any applicable policies, procedures, regulations, requirements or guidelines, whether existing or to be

established, as well as changes and/or amendments thereof, and the notified policies, procedures, regulations, requirements or guidelines shall be deemed incorporated by reference to this Agreement without the need of executing a separate written and signed amendment.

B. Suspension or Termination

a. Termination for Cause

The PRDOH may terminate this Agreement, in whole or in part, upon 30 days' notice, whenever it determines that the Municipality has failed to comply with any term, condition, requirement, or provision of this Agreement. Failure to comply with any terms of this Agreement, include (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, and HUD guidelines, policies or directives as may become applicable at any time;
b. Failure, for any reason, of the Municipality to fulfill in a timely and proper manner its obligations under this Agreement;
c. Ineffective or improper use of funds provided under this Agreement; or
d. Submission of reports by the Municipality to the PRDOH that are incorrect or incomplete in any material respect.

The Municipality shall have up to thirty (30) days to resolve issues listed above to the satisfaction of PRDOH.

b. Termination for Convenience of the PRDOH

The PRDOH may terminate this Agreement any time by a notice in writing from the PRDOH to the Municipality. If the Agreement is terminated by the PRDOH as provided herein, the Municipality shall be paid the total compensation as the allowable services actually performed up until the date of termination. Any compensation under this paragraph must be for documented costs that are CDBG-DR eligible, and allowable, allocable, and reasonable in accordance with Uniform Administrative Requirements.

This Agreement may also be terminated in whole or in part by either the PRDOH or the Municipality, or based upon Agreement by both the PRDOH and the Municipality in accordance with the requirements in 2 CFR part 200, subpart D.

c. Notification and Recoupment of Costs Incurred Prior to Termination

The PRDOH shall promptly notify the Municipality, in writing, of its determination and the reasons for the termination together with the date on which the termination shall take effect and any other notifications required under 2 CFR part 200, subpart D. Upon termination, the PRDOH retains the right to recover any improper expenditures from the Municipality and the Municipality shall return to the PRDOH any improper expenditures no later than thirty (30) days after the date of termination. In the case of a Termination for Convenience only, the PRDOH may, at its sole discretion, allow the Municipality to retain or be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled provided that said costs meet the provisions of this Agreement, 2 CFR Part 200, Subpart E, Cost Principles, and any other applicable state or Federal statutes, regulations or requirements.

d. Unilateral Termination

The PRDOH may terminate this Agreement, in whole or in part, at PRDOH's sole discretion, with or without cause, at any time. The PRDOH will terminate this Agreement by delivering

to the Municipality a thirty (30) day notice of termination specifying the extent to which the performance of the work under this Agreement is terminated, and the effective date of termination. Upon receipt of such notice, the Municipality shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. If the Municipality does not deliver to the PRDOH all information, studies, and other materials property of the PRDOH within the established timeframe, and the PRDOH invests any additional funds to reproduce the information, studies, and other materials not provided by the Municipality upon termination, then the PRDOH will disallow from payments to the Municipality under this Agreement the funds expended for the PRDOH to reproduce such information, studies, and other materials. In the event of a termination by Notice, the PRDOH shall be liable only for payment of services rendered up to and including the effective date of termination.

e. Suspension

The PRDOH may suspend this Agreement in whole or in part at any time for the PRDOH's convenience. The PRDOH shall give the Municipality five days' written notice of such suspension. Upon receipt of said notice the Municipality shall immediately discontinue all Services affected.

f. Immediate Termination

In the event the Municipality is subjected to a criminal or civil action, suit, proceeding, inquiry or court of applicable jurisdiction, or any governmental agency, or the Municipality shall be subject to an order, judgment, or opinion, issued by any federal or local authority, a court of applicable jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the Municipality of this Agreement or the Municipality of this Agreement has been noncompliant, breach, inaccuracy of any representation, warranties, covenants, or the certifications provided herein, whether the noncompliance, breach or inaccuracy takes place before or after the execution of this Agreement, the PRDOH shall have the right to the immediate termination of this Agreement notwithstanding, any provisions to the contrary herein. This section will apply in the event of any judgment that may obligate the PRDOH to terminate the Agreement pursuant to Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico. The Municipality has a continuous obligation to report to PRDOH any proceedings which apply to the Municipality under this paragraph.

In the event that the grant of funds by HUD under any allocations of the CDBG-DR may be suspended, withdraw or canceled, this Agreement will be immediately terminated.

g. Period of Transition.

Upon termination of this Agreement, and for 90 consecutive calendar days thereafter (the Transition Period), Municipality agrees to make himself available to assist the PRDOH with the transition of services assigned to Municipality by the PRDOH. Municipality shall provide to the PRDOH the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the Services to the PRDOH or a third party designated by the PRDOH. The Parties agree to execute a Transition Services Agreement for the Transition Period and Municipality will be paid at a reasonable, agreed upon hourly rate for any work performed for the PRDOH during the Transition Period.

h. Availability of Funds

This Agreement is contingent upon the availability of funds from HUD. It is expressly understood and agreed that the obligation to proceed under this Contract is conditioned upon the receipt of Federal funds. If the funds anticipated for the continuing

fulfillment of the Agreement 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 written notice to the Municipality, to terminate this Agreement 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.

X. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS

The "Cross Cutting Program Guidelines, Applicable to all PRDOH CDBG-DR Programs", which are attached to, and made an integral part of this Agreement as **Exhibit F**, set forth certain requirements imposed by HUD with respect to the PRDOH's Federal award or CDBG-DR Grant. The Municipality agrees to carry out its obligations under this Agreement in compliance with all the requirements described **Exhibit F** to this Agreement to the extent that such requirements are applicable to programs such as the program contemplated in this Agreement.

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

A. General Compliance

The Municipality shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 CFR part 570, as modified by the Federal Register notices that govern the use of CDBG-DR funds available under this Agreement. See Federal Register Notice 83 FR 5844 (February 9, 2018). Notwithstanding the foregoing, (1) the Municipality does not assume any of the PRDOH's responsibilities for environmental review, decision-making, and action, described in 24 CFR part 58 and (2) the Municipality does not assume any of the PRDOH's responsibilities for initiating the review process under the provisions of 24 CFR Part 52. The Municipality 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 Agreement, regardless of whether CDBG-DR funds are made available to the Municipality on an advance or reimbursement basis.

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 Municipality 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 Grant Funds provided under this Agreement. In the event a conflict arises between the provisions of this Agreement and any of the foregoing, the Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines shall control and this Agreement 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.

B. Duplication of Benefits

The Municipality shall not carry out any of the activities under this Agreement 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 USC 5155) and described in Appropriations Act. The Municipality 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 Municipality shall carry out the activities under this Agreement in compliance with the PRDOH's procedures to prevent duplication of benefits.

C. Drug-Free Workplace

The Municipality must comply with drug-free workplace requirements in Subpart B of part 2429, which adopts the government wide implementation (2 CFR 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 Municipality 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 and the Puerto Rico Public Housing Administration shall be named as additional insured on all such insurance. The Municipality 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 same.

Notwithstanding the above, for construction or facility improvement performed by the subcontractors or third parties, the Municipality shall ensure that the subcontractors or third parties, at a minimum, comply with the bonding requirements at 2 CFR Part 200, subpart D.

E. Hold Harmless

The Municipality shall and hereby agrees to hold harmless, defend (with counsel acceptable to the PRDOH) and indemnify the PRDOH and each and all of its successors, affiliates, or assigns, 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 Agreement, and losses of any form or nature arising from or related to the conduct of the Municipality in the performance of the efforts called for in this Agreement. This indemnity shall expressly include, but is not limited to, the obligation of the Municipality to indemnify and reimburse the PRDOH for any and all attorneys' fees and other litigation or dispute resolution costs incurred or to be incurred in the PRDOH 's enforcement of this Agreement or any portion thereof against the Municipality or otherwise arising in connection with the Municipality's breach, violation, or other non-compliance with this Agreement. This clause shall survive indefinitely the termination of this Agreement for any reason.

F. PRDOH Recognition

Unless otherwise directed by the PRDOH, the Municipality shall ensure recognition of the role of HUD and the PRDOH in providing funding, services, and efforts through this Agreement. Unless otherwise directed by the PRDOH, all activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to role of HUD and of the PRDOH. In addition, the Municipality shall include a reference to the support provided herein in all publications made possible with funds made available under this Agreement. 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 such recognition.

G. Logos Clause

The Parties hereto will not use the name of the other party, seals, logos, emblems or any distinctive trademark/ trade name, without the prior written express authorization of the other party.

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

The Municipality shall comply with the applicable provisions in 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200. These provisions include:

I. Financial & Program Management

The Municipality shall expend and account for all CDBG-DR funds received under this Agreement in accordance with:

1. Accounting Standards

The Municipality agrees to comply with 2 CFR 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.

2. Cost Principles

The Municipality shall administer its program in conformance with Cost Principles as outlined in 2 CFR Part 200 Subpart E, as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

J. Documentation and Record Keeping

1. Records to be Maintained

The Municipality shall maintain all records required by applicable law to be maintained, including but not limited to the Federal regulations specified in (I) 2 CFR Part 200; (2) 24 CFR 570.506; and (3) the applicable HUD Notices that are pertinent to the activities to be funded under this Agreement, as well as any additional records required by the PRDOH. Such records shall include but not be limited to:

a. Records providing a full description of each activity undertaken;
b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR programs, as modified by the HUD Notices;
c. Records required to determine the eligibility of activities;
d. Records required to document the acquisition, improvement, use, or disposition of real property acquired or improved with CDBG-DR funds;
e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG-DR program;

f. Financial records as required by (1) 24 CFR 570.502; and (2) 2 CFR Part 200;
g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

K. Access to Records

The Municipality 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.

L. Record Retention and Transmission of Records to the PRDOH

The Municipality shall retain all official records on programs and individual activities shall be retained for the greater of five (5) years, starting from the closeout of the grant between PRDOH and HUD, or the end of the affordability period for each housing activity, whichever is longer. If any other laws and regulations as described in 24 C.F.R. § 570.490 applies to a project, the record retention period may be extended. All records involved in litigation, claims, audits, negotiations, or other actions, which have started before the expiration date of their retention, will be kept until completion of the action and resolution of all issues or the end of the regular five (5) year period, whichever is longer. (See 2 C.F.R. § 200.333 and 24 C.F.R. § 570.490(d).)

Records shall be made available to PRDOH upon request.

M. Client Data and Other Sensitive Information

In the event that the Municipality comes to possess client data and other sensitive information as a result of this Agreement, then the Municipality shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client 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 Municipality must comply with 2 CFR §200.303 and shall take reasonable measures to safeguard protected personally identifiable information, as defined in 2 CFR 200.82, and other information HUD or the PRDOH designates as sensitive or the Municipality considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

The Municipality shall comply with all State or local requirements concerning the privacy of personal records, consistent with 24 CFR 570.508 (local governments) and 570.490(c) (States).

N. Close-Out

The Municipality 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, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the PRDOH), properly addressing Program Income (as that term is defined in section VI (A)(19)(a) of the HUD Notice 83 Fed. Reg. 5844, 5856 (February 9, 2018, as may be amended by HUD)), balances, and accounts receivable to the PRDOH), determining the custodianship of records, and the Municipality certification of compliance with the terms of this Agreement. Notwithstanding the foregoing, the terms

of this Agreement shall remain in effect during any period that the Municipality has control over CDBG-DR funds, including Program Income.

Notwithstanding the terms of 2 CFR 200.343, upon the expiration of this Agreement, the Municipality shall transfer to the recipient any CDBG-DR funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG-DR funds, further, any real property under the Municipality's control that was acquired or improved in whole or in part with CDBG-DR funds (including CDBG-DR funds provided to the Municipality in the form of a loan) shall be treated in accordance with 24 CFR 570.503(b)(7).

O. Audits and Inspections

All Municipality records with respect to any matters covered by this Agreement 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 Municipality within 30 days after receipt by the Municipality. Failure of the Municipality to comply with the above audit requirements shall constitute a violation of this Agreement and may result in the withholding of future payments and/or termination.

1. Single Audit

The Municipality must be audited as required by 2 CFR part 200, subpart F when it is expected that the Municipality's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

2. Inspections and Monitoring

The Municipality shall permit the PRDOH and auditors to have access to the Municipality's records and financial statements as necessary for the PRDOH to meet the requirements of 2 CFR part 200.

3. Corrective Actions

The PRDOH may issue management decisions and may consider taking enforcement actions including but not limited to corrective actions in 24 CFR § 570.910 if noncompliance is detected during monitoring and audits. The PRDOH may require the Municipality to take timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Municipality from the pass-through entity detected through audits, on-site reviews, and other means. A timely and appropriate action shall be predicated on reasonable standard wherein the Municipality utilizes all available resources to correct the noted issue or issues. In response to audit deficiencies or other findings of noncompliance with this Agreement, the PRDOH may impose additional conditions on the use of the CDBG-DR funds to ensure future compliance or provide training and technical assistance as needed to correct noncompliance.

P. Procurement and Contractor Oversight

The Municipality shall not enter into any contract for goods or services with any entity without the written consent of the PRDOH prior to the execution of such contract. Unless specified otherwise within this Agreement, the Municipality shall procure all materials, property, equipment, or services in accordance with the requirements of the PRDOH's procurement policies and procedures, and 2 CFR 200.318-326, as applicable, including but not limited to the need to appropriately assess the lease versus purchase alternatives. PRDOH's procurement policies and procedures as found in the CDBG-DR Website

(www.cdbg-dr.pr.gov) is herein included and made integral part of this Agreement, as it may be updated from time to time.

The Municipality shall include all applicable PRDOH's conditions (as revised from time to time by the PRDOH in accordance with applicable law, rule or regulation) in any contract entered into under this Agreement. Municipality shall also require all contractors to flow down the PRDOH's Conditions, as well as termination for convenience of the PRDOH, to all subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors. These Conditions include required terms for project contracts, HUD General Provisions, Participation by Minority Group Members and Women Requirements and Procedures for Contracts with Housing Trust Fund Corporation, Standard Clauses for Contracts with the PRDOH and required diversity forms.

The Municipality must comply with CDBG-DR regulations regarding debarred or suspended entities at 24 CFR 570.609 or 24 CFR 570.489(l) as appropriate. CDBG-DR funds may not be provided to excluded or disqualified persons.

The Municipality shall maintain oversight of all activities under this Agreement and shall ensure that for any procured contract or Agreement, its contractors perform according to the terms and conditions of the procured contracts or Agreements, and the terms and conditions of this Agreement.

Q. Nondiscrimination

The Municipality shall comply with **24 CFR part 6**, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (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 Municipality 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 Municipality shall comply with regulations of 24 CFR part 8, which implement Section 504 for HUD programs, and the regulations of 24 CFR part 146, which implement the Age Discrimination Act for HUD programs.

R. Architectural Barriers Act and the Americans with Disabilities Act

The Municipality shall ensure that its Activities are consistent with requirements of Architectural Barriers Act and the Americans with Disabilities Act.

The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 CFR 40.2 or the definition of "building" as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 CFR part 40 for residential structures, and appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

The Municipality agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non- discrimination provisions in Section 109 of the HCDA are still applicable.

S. Title VI of the Civil Rights Act of 1964 (24 CFR part 1)

1. General Compliance:

The Municipality shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended and 24 CFR 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 Agreement. The specific nondiscrimination provisions at 24 CFR 1.4 apply to the use of these funds. The Municipality 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 CFR part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 CFR part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 2 CFR part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

2. Assurances and Real Property Covenants:

As a condition to the approval of this Agreement and the extension of any Federal financial assistance, the Municipality assures that the program or activities described in this Agreement shall be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided shall be operated and administered in compliance with all requirements imposed by or pursuant to this part 1.

If the Federal financial assistance under this Agreement is to provide or is in the form of personal property or real property or interest therein or structures thereon, the Municipality's assurance herein shall obligate the Municipality or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the Municipality for the period during which Federal financial assistance is extended pursuant to the contract or application.

This assurance gives the PRDOH and the United States a right to seek judicial enforcement of the assurance and the requirements on real property.

In the case of real property, structures or improvements thereon, or interests therein, acquired with Federal financial assistance under this Agreement or acquired with CDBG-DR funds and provided to the Municipality Under this Agreement, the instrument effecting any disposition by the Municipality of such real property, structures or improvements thereon, or interests therein, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

If the Municipality receives real property interests or funds or for the acquisition of real property interests under this Agreement, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of this part 1 shall extend to any facility located wholly or in part in such space.

3. Affirmative Action

a. Approved Plan

The Municipality agrees that it shall carry out pursuant to the PRDOH's specifications an Affirmative Action Program in compliance with the President's Executive Order 11246 of September 24, 1966, as amended, and implementing regulations at 42 CFR chapter 60. The PRDOH shall provide Affirmative Action guidelines to the Municipality to assist in the formulation of such program. The Municipality shall submit a plan for an Affirmative Action Program for approval prior to the release of funds under this Agreement.

b. Women- and Minority-Owned Businesses (W/MBE)

The Municipality shall take the affirmative steps listed in 2 CFR 200.321(b)(1) through (5) to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible when the Municipality procures property or services under this Agreement. As used in this Agreement, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian- Americans, and American Indians. The Municipality may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

c. Notifications

The Municipality will send to each labor union or representative of workers with which it 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 worker's representative of the Municipality's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

The Municipality shall, in all solicitations or advertisements for employees placed by or on behalf of the Municipality, state that it is an Equal Opportunity or Affirmative Action employer.

4. Labor and Employment

The Municipality is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; or nepotism activities.

a. Labor Standards

The Municipality shall comply with the in labor standards in Section 110 of the Housing and Community Development Act of 1974, as amended, and ensure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this Agreement 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, as amended (40 U.S.C. 3141, et seq.), and 29 CFR part 1, 3, 5, 6, and 7, provided, that this requirement shall apply to the rehabilitation of residential property only if such property contains not less than 8 units.

The Municipality agrees to comply with the (18 U.S.C. 874) and its implementing regulations of the U.S. Department of Labor at 29 CFR part 3 and part 5. The Municipality shall maintain documentation that demonstrates compliance with applicable hour and wage requirements. Such documentation shall be made available to the PRDOH for review upon request.

5. Section 3 of the Housing and Urban Development Act of 1968

a. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided under this Agreement and binding upon Grantee, Municipality, and any of Municipality's subrecipient, contractors, and subcontractors. Failure to fulfill these requirements shall subject Grantee, Municipality, and any of Municipality's subrecipient, contractors, and subcontractors, as well as their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. Municipality certifies and agrees that no contractual or other impediment exists that would prevent compliance with these requirements.

Municipality further agrees to comply with the "Section 3" requirements stated below and to include verbatim this language in all subsequent subrecipient Agreements, contracts, and subcontracts executed under this Agreement:

> "A. The work to be performed under this Agreement is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
>
> B. The Parties to this Agreement agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this Agreement, the Parties to this Agreement certify that they are under no

contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth 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.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR 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 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

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

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

G. 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 sub contracts 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)."

Municipality further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to

business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area of the neighborhood in which the project is located, and to low- and very low- income participants in other HUD programs.

Municipality certifies and agrees that no contractual or other legal impediment exists that would prevent compliance with these requirements.

T. Conduct

1. Hatch Act

The Municipality shall comply with the Hatch Act, 5 USC 1501 – 1508, and shall ensure that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

2. Conflict of Interest

The Municipality agrees to abide by the provisions of 2 CFR Part 200, as applicable, and 24 CFR 570.611, which include (but are not limited to) the following:

a. It is presumed that the Municipality 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 Agreement.

b. In the event the Municipality is not, the Municipality shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of this Agreement. 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 contractors, or Parties to sub Agreements. However, recipients may set standards for situations 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 recipient.

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 Agreement 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 Municipality, or any designated public agency.

d. Clause of Governmental Ethics Certification of Absence of Conflict of Interests - The Municipality certifies that: (1) No public server of the Municipality has pecuniary interest in this contract. (2) No public server of the Municipality has solicited or accepted, directly or indirectly, for him (her), for any member of his family unit or for any other person, gifts, allowances, favors, services, donations loans or any other thing of monetary value. (3) No public server of the Municipality related to this transaction, asked for or accepted any good of economic value, from any person or organization as payment for the duties and responsibilities of his employment. (4) No public server of the Municipality has solicited, directly or indirectly, for him (her), any member of his family unit, neither for any other person, business or organization, any good of economic value, including gifts, loans, promises, favors or services in exchange for his obligations and performance of said public employment, to influence or favor any organization. (5) No public server of the Municipality has kinship relationship, within the fourth degree of consanguinity and second by affinity, with nobody in public employment that has faculty to influence and to participate in the institutional decisions of this contract.

XI. INDEPENDENT CONTRACTOR

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

XII. ASSIGNMENT

The Municipality shall not assign or transfer any interest in this Agreement without the prior written consent of the PRDOH.

XIII. SEVERABILITY

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

XIV. SECTION HEADINGS AND SUBHEADINGS

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

XV. WAIVER

The PRDOH's failure to act with respect to a breach by the Municipality 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.

XVI. GOVERNING LAW: JURISDICTION

This Agreement shall be governed by, interpreted and enforced in accordance with the laws of the Government of Puerto Rico and any applicable federal laws and regulations. The Parties further agree to assert any claims or causes of action that may arise out of this Agreement in the Puerto Rico Court of First Instance, San Juan Part, notwithstanding jurisdiction may be averred in any U.S. District Court, including for diversity of citizenship.

XVII. 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 Agreement 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 Agreement 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.

XVIII. SUBROGATION

The Municipality acknowledges that funds provided through this Agreement are Federal funds administered by HUD under the CDBG-DR Program and that all funds provided by this Agreement are subject to audit, disallowance, and repayment. Any disagreement with adverse findings may be challenged and subject to Federal regulation, however, the Municipality 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 Agreement for any reason.

XIX. COMPTROLLER REGISTRY

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

XX. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement among the Parties for the use of funds received under this Agreement and it supersedes all prior or contemporaneous

communications and proposals, whether electronic, oral, or written among the Parties with respect to this Agreement.

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

[Signature Page Follows]

PUERTO RICO DEPARTMENT OF HOUSING, CDBG-DR Grantee

By: _____

Name: Fernando A. Gil-Enseñat
Title: Secretary

MUNICIPALITY OF CIALES

By: _____

Name: Luis Maldonado Rodríguez
Title: Mayor

EXHIBIT A-1

SCOPE OF WORK FOR OUTREACH

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June 2019, Version No. 1

APPENDIX A: SCOPE OF WORK

TABLE OF CONTENTS

1. Program Overview/Background 1
2. National Objective 1
3. Program Description 1
4. Tasks for Outreach 2
5. TIME of Performance 4
6. Budget 4

1. PROGRAM OVERVIEW/BACKGROUND

This Scope of Work covers the $69,600.00 designated to Outreach Services for the Home Repair, Reconstruction or Relocation Program ("R3") that will be administered by the Municipality.

The Municipality will provide outreach services for the Home Repair, Reconstruction, or Relocation Program ("R3 Program") in partnership with PRDOH. The Municipality will serve as administrator and servicer under a Subrecipient Agreement ("Agreement") with PRDOH.

The focus of the R3 Program is to provide relief for those who were impacted by Hurricanes Irma and Maria and have unmet housing needs while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance under this R3 Program will be provided under three primary classifications: repair, reconstruction, and relocation. Within reconstruction and relocation, demolition may be an eligible activity, and under the Relocation Program, acquisition may also be an eligible activity.

2. NATIONAL OBJECTIVE

Benefit Low and Moderate Income (LMI) persons.

3. PROGRAM DESCRIPTION

The following objectives are provided for the implementation and administration of a successful CDBG-DR R3 Program, in keeping with U.S. Department of Housing and Urban Development ("HUD") guidelines:

- The primary objective of the R3 Program is to provide decent, safe, and sanitary housing in the disaster-impacted areas by providing activities designed to resolve unmet housing needs from hurricane impacts.
- A second objective is to ensure that the housing needs of very low-, low-, and moderate-income households are assisted with housing recovery support within the communities being served.
- A third objective is to achieve complimentary benefits of community and neighborhood revitalization, promote resiliency, and nurture in-fill opportunities.

Repair, reconstruction, or relocation assistance may be offered to eligible applicants, based upon the extent of damage and location of the home. Under the relocation program, homeowners may be offered a relocation voucher for the purchase (and repair, if needed) of an existing replacement home, or new construction assistance (only as a last resort) if a suitable replacement option cannot be identified.

4. TASKS FOR OUTREACH

The Municipality shall furnish the following services to the local communities within its geographical region to successfully assist on the R3 Program, including, but not limited to, the following:

1. Task 1: Management

1.1. Work closely with the PRDOH officials and its designees to manage day-to-day outreach operations, improve processes for quality and efficiency, and implement policy changes.

1.2. Ensure reporting on the various aspects of the outreach operations, which reflects the major activities for the reporting period as specified by PRDOH (e.g., monthly, quarterly).

1.3. Coordinate with the PRDOH Information Technology (IT) and Public Relations services for media outreach.

1.4. Secure all personnel ("Staff") required to perform the services under the Agreement.

1.5. Generate Staff Schedule accordingly to the R3 Program needs. R3 program needs may require Staff to be available after regular business hours and on weekends.

1.6. Provide outreach training to Staff. The training will include:

- 1.6.1. Purpose and objectives;
- 1.6.2. Program overview;
- 1.6.3. Eligibility Criteria for the Program;
- 1.6.4. Targeted outreach; and
- 1.6.5. Timeline for targeted outreach.

1.7. Generate and manage Operations Budget.

1.8. Develop an Outreach Plan, based on the outline provided by PRDOH, with monthly production goals for intake.

1.9. Regularly communicate potential risks, issues, and statuses with the PRDOH.

2. Task 2: Outreach

2.1. Identify the target areas to be serviced in per the outreach outline provided by PRDOH.

2.2. Conduct outreach meetings with participants and Program Manager to ensure the community is informed and identify opportunities to improve the outreach plan and activities.

2.3. Develop a detailed outreach (communications) plan that considers the specific needs of participants' communities and general program eligibility criteria.

2.4. The outreach (communications) plan must include key audiences and participants; description of their communication needs to ensure all residents receive accurate and up-to-date information; communications strategy; defined timelines; coordination of communication events to engage potential participants; and measuring of effectiveness. Outreach and marketing materials will be provided by PRDOH. Only PRDOH-provided materials shall be used in support of the municipal outreach plan.

2.5. Implement the outreach plan to ensure citizens are informed regarding general eligibility requirements for the R3 Program, general purpose of the R3 Program, and how to apply for the R3 program. The outreach plans should also be used to convey any other program-specific information required so that any citizen has equal access to apply for the Program. Outreach plans should also take into account the principles for Affirmatively Furthering Fair Housing such as making efforts to overcome historic patterns of segregation and fostering inclusive communities free from discrimination.

2.6. Coordinate outreach efforts, including call-out campaigns and letter campaigns as required by the PRDOH.

3. Task 3: Application Intake

3.1. Coordinate all intake efforts with the PRODH's Program Manager.

3.2. Assist interested citizens in completing an R3 application using the PRDOH-provided kiosk application, mobile application, or via web. All documents should be captured digitally using one of these methods. Municipalities should not retain original versions or copies of applicants' intake documents.

3.3. Contact and schedule face-to-face consultations with potential applicants to complete applications.

3.4. In special cases, make in-home visits to homebound and disabled individuals to provide specialized outreach and intake services.

3.5. Support Program Manager and deploy Staff, when necessary, during the application period.

3.6. Provide consultation services to applicants as required to initiate communication between the applicant and the Program Manager.

3.7. Have available, and allow the use of, municipal offices for PRDOH's Program Managers to set up Intake Centers for applications intake at no cost to the Program or, in the case the Municipality does not have any such spaces, the Municipality should identify alternative locations. The Municipality shall ensure that such spaces have the necessary power, water, and other utilities necessary for the Intake Centers to be established on site. Spaces for Intake Centers must allow for, at a minimum,

two (2) resources from the Program Manager for intake, as well as space for potential applicants to sit and await the services provided by the Intake Center. Program Managers will manage all intake and other services at the Intake Centers. The Municipality may assist as needed. Program Manager will also provide required furnishings for the Intake Centers.

4. Task 4: Accounting and Reporting

4.1. Report progress results on a routine basis, as specified by the PRDOH.

4.2. Ensure proper tracking of staff time by ensuring all staff dedicated in whole or in part to the R3 Program use the PRDOH-provided timekeeping template or alternative PRDOH-approved timekeeping method. Alternative timekeeping methods are not reimbursable under this scope of services.

4.3. Upon request, allow PRDOH access to municipal R3 records.

4.4. Comply with all PRDOH requests related to program monitoring and oversight, including accepting PRDOH or its representatives for on-site monitoring visits.

4.5. Prepare all invoice packages and requests for payment. Requests must include all necessary supporting documents.

4.6. Reconcile with the PRDOH, on an established periodic basis, all reimbursement of eligible costs.

4.7. Reconcile with the PRDOH, on an established periodic basis, a complete inventory of all items furnished by the PRDOH or its Program Managers, including items such as: equipment, furniture, computers, telephones, laptops, network printers, network equipment, etc.

5. TIME OF PERFORMANCE

Start/End Dates: Notice to Proceed through June 2022.

6. BUDGET

The Outreach services will be reimbursed according to Exhibit D ("Budget").

EXHIBIT A-2

SCOPE OF WORK FOR INSPECTIONS

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June 2019, Version No. 1

APPENDIX A: SCOPE OF WORK

TABLE OF CONTENTS

1. Program Overview/Background 1
2. National Objective 1
3. Program Description 1
4. Tasks for MANAGEMENT AND Inspection Services 2
5. Time of Performance 4
6. Budget 4

1. PROGRAM OVERVIEW/BACKGROUND

This Scope Work covers the $162,400.00 designated for the procurement process and Milestone Inspection Services for the Home Repair, Reconstruction or Relocation Program ("R3 Program") that will be administered by the Municipality.

The Municipality will provide construction milestone inspection services for the R3 Program to support the PRDOH and serve as administrator under a Subrecipient Agreement ("Agreement") with PRDOH. The Municipality will be an integral part of the R3 Program and will be required to work in harmony with other stakeholders such as the Program Managers, Construction Managers and the Call Center Operations Consultant, as well as other staff and contractors retained by the PRDOH for implementation of the CDBG-DR programs.

The focus of the R3 Program is to provide relief for those who were impacted by Hurricanes Irma and Maria who have unmet housing needs while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance under the R3 Program will be provided under three primary venues: repair, reconstruction, and relocation. Within the reconstruction and relocation venues, demolition may be an eligible activity, and under the relocation Program, acquisition may also be an eligible activity.

2. NATIONAL OBJECTIVE

Benefit to Low and Moderate Income (LMI) persons.

3. PROGRAM DESCRIPTION

The following objectives are provided for the implementation and administration of a successful CDBG-DR R3 Program, in keeping with U.S. Department of Housing and Urban Development ("HUD") guidelines:

- The primary objective of the R3 Program is to provide decent, safe, and sanitary housing in the disaster impacted areas through the provision of activities designed to resolve unmet housing needs from hurricane impacts.
- A second objective is to ensure that the housing needs of very low-, low-, and moderate-income households are assisted with housing recovery support within the communities being served.
- A third objective is to achieve complimentary benefits of community and neighborhood revitalization, promote resiliency, and nurture in-fill opportunities.

Rehabilitation, reconstruction, or relocation assistance may be offered to eligible applicants, based upon the extent of damage and location of the home. Under the relocation program, homeowners may be offered a relocation voucher for the purchase (and rehabilitation, if needed) of an existing replacement home, or new construction assistance (only as a last resort) if a suitable replacement option cannot be identified.

4. TASKS FOR MANAGEMENT AND INSPECTION SERVICES

The Municipality shall furnish the following services to the local communities within its geographical region to successfully assist above-listed disaster recovery programs, including, but not limited to the following:

1. Task 1: Management

1.1. Work closely with the PRDOH officials and its designees to manage day-to-day inspection services administration, improve processes for quality and efficiency, and implement policy changes.

1.2. Sustain an environment that supports collaboration and accountability.

1.3. Comply with the PRDOH Procurement Manual and Contractual Requirements for any procurement process undertaken for inspection services.

1.4. Ensure compliance with local and federal regulations.

1.5. Secure all personnel required in performing the services under this Agreement.

1.6. Procure Inspection Services and serve as a facilitator between the Inspection Services Firms selected and the Program Managers, Construction Managers, PRDOH and other stakeholders. A template for the procurement of inspection services will be provided by the PRDOH to the Municipality. The Municipality, before publishing any procurement process, must send the proposed procurement package to the PRDOH for approval. Procurements may not be published until the PRDOH approves them. Procurement packages will be publicly available in the PRDOH's CDBG-DR website. No prospective proposer shall be required to pay for access to the Request for Proposals package." acquisition of procurement packages be at no cost to prospective proposers and must be published in the PRDOH's CDBG-DR website. After a selection under a procurement process has been made the Municipality must submit all documentation generated during the procurement process (including the original procurement package, any addenda, proposals received, and the evaluation report) to the PRDOH for a compliance review of the PRDOH's Procurement Guidelines and the PRDOH's concurrence. No award by the Municipality may be made without the prior consent form the PRDOH.

1.7. Generate personnel schedule accordingly to the R3 Program needs. R3 program needs may require staff to be available after regular business hours and on the weekends.

1.8. Issue instructions on behalf of the R3 Program Manager to the Inspection Firms contracted in accordance with R3 guidelines and applicable federal and local enactments.

1.9. Monitor the Inspection Services Firms for compliance with their Agreements.

1.10. Monitor the performance of the Inspection Services Firms, and report to the R3 Program Manager.

1.11. Ensure reporting on the various aspects of the inspections operations which reflects the major activities for the reporting period as specified by PRDOH (e.g. monthly, quarterly).

1.12. Generate and manage Budget.

1.13. Regularly communicate potential risks, issues, and statuses with the PRDOH.

1.14. Ensure the accuracy, timeliness and completion of all tasks assigned under the Agreement.

1.15. Ensure Inspection Firm compliance with the requirements of the inspection services scope of work.

2. Task 2: Inspections Monitoring

2.1. Coordinate milestone inspections with the R3 Program Manager/Construction Manager and request the performance of the inspection to the Inspection Services Firms under contract. Inspections may only be performed within the boundaries of the Municipality.

2.2. Ensure on-site progress inspections are performed within a 72-hour period from the time of the Construction Manager's request for inspection.

2.3. Ensure that contracted Inspection Firms submit inspection reports within a 3-day period from the on-site inspection date.

2.4. Review Inspection Services Firms contract deliverables to determine if such contractors are in compliance with their contracts and Program requirements.

2.5. Assess compliance of the work performed.

2.6. Review the Progress Inspection Report generated by the Inspection Services Firms. If deficiencies are found in the Progress Inspection Report, coordinate with the Inspection Services Firms to remedy all issues within the allowed 3-day period. Ensure that the Program Manager and the Construction Manager obtain copies of the Progress Inspection Reports submitted by the Inspection Firms under contract with the Municipality.

2.7. Review and audit Inspection Firm invoices for compliance with contract and Program requirements before submitting requests for payment to the PRDOH.

2.8. Any other task to ensure that a complete and thorough inspection is performed in the field.

3. Task 3: Accounting and Reporting

3.1. Report progress results to PRDOH on a routine basis.

3.2. Review all invoices and requests for payment submitted by the Inspection Services Firm for allowability, accuracy and completeness. No incomplete, unallowable, or inaccurate invoices or requests for payment will be accepted by PRDOH.

3.3. Upon request, allow PRDOH access to municipal R3 records.

3.4. Use PRDOH-approved grant management system to input inspection dates, results of inspections, upload inspection reports, and any other required information related to milestone inspections performed by the Inspection services provider.

3.5. Comply with all PRDOH requests related to program monitoring and oversight, including accepting PRDOH or its representatives for on-site monitoring visits.

3.6. Reconcile with the PRDOH, on an established periodic basis all reimbursement of eligible costs.

3.7. Reconcile with the PRDOH, on an established periodic basis, a complete inventory of all items furnished by the PRDOH, including items such as: equipment, furniture, computers, telephones, laptops, network printers, network equipment, etc.

5. TIME OF PERFORMANCE

Start/End Dates: Notice to Proceed through June 2022.

6. BUDGET

The Inspection services will be reimbursed according to the Exhibit D ("Budget").

EXHIBIT B

TIMELINES AND PERFORMANCE GOALS

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June 2019, Version No. 1

SUBRECIPIENT AGREEMENT - R3 PROGRAM TIMELINE

June 2019	Notice to Proceed ("NTP")
10 days after NTP	Outreach Plan Development by the Municipality (if applicable)
5 days	Review, Comments and Approval of Outreach Plan by PRDOH (if applicable)
4 months after NTP or until required by DOH	Municipal Outreach according to approved Outreach Plan (if applicable)
2 months after NTP	Procurement Process, selection and final contracts for: Inspection Services (if applicable)
From architecture/engineering Contract Execution until required by DOH	Milestones Progress Inspections by architecture/engineering contracting firm awarded (if applicable) Disbursement of CDBG-DR funds continue during construction and compliance reviews are completed.
According to Subrecipient Agreement	Compliance monitoring during the period of performance of the Agreement.

EXHIBIT C

KEY PERSONNEL

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June 2019, Version No. 1

Below is the Staffing Plan for the CDBG-DR Repair, Reconstruction or Relocation Program which reflects a combination of the Municipality existing employees or new hired employees dedicated to the Outreach and the procurement process for the Inspection Services for the CDBG-DR R3 Program.

1. OUTREACH SERVICES

Classification
Outreach Manager
Outreach Staff
Outreach Staff
Outreach Staff
Outreach Staff
Outreach Staff

Personnel job description:

Outreach Manager

Manage production and performance of outreach team, provide on the job training/guidance to outreach staff as needed. Identify outreach opportunities and select appropriate communication methods. Prepare and submit Municipal Outreach Plan. Report on production, performance, and identified impediments of the outreach team as requested by PRDOH. Ensures that outreach efforts are equitable and accessible by citizens. Ensures outreach activities are carried out in accordance with governing federal, local, and program policies and regulations.

Outreach Staff (Minimum of 5 employees)

Responsible for community outreach activities as identified in Municipal Outreach Plan. Assist citizens with general inquiries regarding the R3 Program. Communicates program priorities, eligibility criteria and other pertinent information regarding the R3 Program to citizens within the Municipio. Communicates identified opportunities for improvement of outreach process to Outreach Manager.

2. PROCUREMENT OF INSPECTION SERVICES

Classification
Procurement Manager
Procurement Staff
Procurement Staff
Procurement Staff

Personnel job description:

Procurement Manager

Manage production and performance of procurement team, provide on the job training/guidance to procurement staff as needed. Prepare and submit procurement documents in accordance with templates provided by the Puerto Rico Department of Housing. Report on production, performance, and identified impediments of the procurement team as requested by PRDOH. Ensures procurement process is carried out in a manner that promotes fair and open competition and in compliance with the approved Procurement Manual of the Puerto Rico Department of Housing.

Procurement Staff (Minimum of 3 employees)

Coordinates work with Procurement Manager in developing procurement documents in accordance with templates provided by Puerto Rico Department of Housing. Works with Procurement Manager to respond to inquiries submitted by proposers during procurement period. Assists in the evaluation of proposals submitted to recommend the most qualified, responsive bidder for award.

EXHIBIT D

BUDGET

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June 2019, Version No. 1

The budget for the Municipality services for the staffing of the R3 Program over the Subrecipient Agreement period of performance will be based according to the following.

1. OUTREACH SERVICES

The Municipality staff shall submit invoices for payment on a monthly basis based on a time and material method.

Staff will complete daily timesheets and work logs for work related to the Management, Outreach, Assistance in the Application Intake and Reporting costs in accordance with the approved Municipality Outreach Plan.

1.1. STAFFING

The Municipality will assign existing or new hired temporary personnel to accomplish all the Outreach services task established in the **Exhibit A-1** (Scope of Work - Outreach for R3 Program).

Classification	Minimum No. of Employees	Maximum Hours per month per Employee
Outreach Manager	1	40
Staff	5	160

The Municipality will have a maximum amount of **$17,400.00** per month for up to 4 months of services, as deem necessary. Therefore, there will be a Not to Exceed amount of **$69,600.00** for all Outreach Services.

The Municipality staff will also keep timesheets and logs of case files they work on to better understand work volume and time needed for processing each case.

2. INSPECTION SERVICES

The Municipality will procure qualified firms or professionals to provide Inspection Services to assist in in the Municipality's objectives of providing complete and professional Inspection Services during the development of R3 Program in accordance to Federal and Local Government requirements, as well as Guidelines and Standard Operating Procedures for the R3 Program implementation published by the PRDOH. Specific activities and tasks under the Scope of Services for the Inspection Services are included as **Exhibit A-2** (Scope of Work – Inspection Services for R3 Program).

As part of the procurement process for the Inspection Services, the Municipality will assign internal Key Personnel to perform all the task necessary for the procurement and contract execution for these services in accordance with the PRDOH goals and performance standards stated in the **Exhibit B** ("Timelines and Performance Goals").

The budget below serves as the Internal Benchmark Budget for the procurement of Inspection Services and the Progress Inspections based on an estimate of applications that could be assign to the Municipality.

Procurement Staff:		
Classification	Minimum No. of Employees	Maximum Hours per Employee
Procurement Manager	1	80
Procurement Staff	3	160

The Municipality will have a maximum amount of **$12,400.00** for the procurement services, as deem necessary.

Progress Inspections & Payment Requests				
Classification	No. of Applications[1]	No. of Inspections	Unit Price per Inspection	Maximum Amount
Milestones Inspections (Inspection Firms)	75	300	$ 450.00[2]	$ 135,000.00
Municipal Administration Cost (Municipality)	75	300	$ 50.00[3]	$ 15,000.00
			TOTAL:	**$ 150,000.00**

As a reimbursement-based program, tasks and deliverables contained in the SOW and in the PRDOH's approval thereof must be conducted in a manner satisfactory to PRDOH and in compliance with applicable federal and state requirements, laws, and regulations. The Municipality shall monitor the performance of its staff, and contractors against the goals and performance standards as stated in the **Exhibit B** ("Timelines and Performance Goals").

[1] Maximum number of applications included in the Budget are estimated. The actual quantities of applications, and therefore units, to be included in the Inspection Services contract and that the Award Firm might be able to perform will be dependent on the final number of eligible applicants for that specific municipality in accordance with the Program guidelines and procedures.

[2] Units Prices includes any and all costs associated to the performance to the different tasks. This includes personnel, benefits, reimbursable expenses, equipment, materials, rent, overhead, profit, and any other cost of performing the tasks.

[3] The Municipality will be able to invoice $50.00 per each inspection unit that the procured Inspections firms invoice per month. This fixed price is meant to cover the administration cost of the Municipality.

Contractor:	**MUNICIPALITY**
Program:	**Repair, Reconstruction, Relocation Program LMI**
DRGR Activity Code:	**R01H07RRR-DOH-LM**

Cost Type	Internal Account Coding	Object of Expense	CONTRACT Budget
ADMINISTRATION			**$-**
PLANNING			**$-**
PROJECT			**$232,000.00**
PROJECT			
Costs	5001-2026	Inspections	$150,000.00
TOTAL COSTS			**$150,000.00**
PROJECT ACTIVITY DELIVERY COSTS			
Costs	5001-2000	Salaries	$82,000.00
Subtotal-Costs			**$82,000.00**
	5001-2021	Program Reserve	$-
TOTAL COSTS			**$82,000.00**
GRAND TOTAL			**$232,000.00**

EXHIBIT E

FUNDS CERTIFICATION

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June, 2019, Version No. 1

GOBIERNO DE PUERTO RICO
Departamento de la Vivienda

June 5, 2019

Orisson Trossi Olivera
Deputy Director-Housing Grant Management CDBG-DR
Puerto Rico Department of Housing

Edna A. Rivera Vargas, CPA
Finance Director CDBG-DR
Puerto Rico Department of Housing/PRPHA

por: Abarrita
César A. Candelario Candelario
Budget Manager CDBG-DR
Puerto Rico Department of Housing

CERTIFICATION OF FUNDS FOR PRDOH SUBRECIEPIENT AGREEMENT WITH THE MUNICIPALITY OF CIALES FOR OUTREACH AND INSPECTION SERVICES FOR THE R3 PROGRAM RELATED TO THE CDBG-DR FUNDS

As requested by the Deputy Director-Contract Administration for CDBG-DR, we certify the availability of funds for **$232,000.00** corresponding to "PRDOH Subrecipient agreement with the Municipality of Ciales for Outreach and Inspection Services for the R3 Program". These funds are part of the **CDBG-DR Grant "B-17-DM-72-0001"**.

The breakdown of the certified funds is as follows:

R01H07RRR-DOH-LM	Repair, reconstruction & relocation program-LMI	Outreach Staff	4190-10-000	$69,600.00
		Procurement Staff		12,400.00
		Milestone Inspections		150,000.00
				$232,000.00

This certification replaces the previous version.

If you have any questions or comments, please call me at (787)274-2527.

EARV/CCC/ac

EXHIBIT F

HUD GENERAL PROVISIONS

HOME REPAIR, RECONSTRUCTION OR RELOCATION PROGRAM ("R3 PROGRAM")

GOVERNMENT OF PUERTO RICO
Department of Housing

June, 2019, Version No. 1

HUD General Provisions

Given that the Contract involves funds for which the U.S. Department of Housing and Urban Development (HUD) is the oversight agency, the following terms and conditions may apply to this Contract.

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

These general provisions may be updated from time to time. It is the sole responsibility of the CONTRACTOR to be aware of any changes hereto, to amend such changes and to ensure subcontracts terms and conditions are modified as necessary.

General Provisions:

1. PROVISIONS REQUIRED BY LAW DEEMED INSERTED

Each and every provision of law and clause required by law to be inserted in this Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Contract shall forthwith be physically amended to make such insertion or correction.

2. STATUTORY AND REGULATORY COMPLIANCE

CONTRACTOR shall comply with all laws and regulations applicable to the Community Development Block Grant-Disaster Recovery funds appropriated by the Supplemental Appropriations for Disaster Relief Requirements (Appropriations Act), under Public Law 115-56 of 2017, including but not limited to the applicable Office of Management and Budget Circulars, which may impact the administration of funds and/or set forth certain cost principles, including if certain expenses are allowed.

3. BREACH OF CONTRACT TERMS

The PRDOH reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of this Contract, in instances where the CONTRACTOR or any of its subcontractors violate or breach any Contract term. If the CONTRACTOR or any of its subcontractors violate or breach any Contract term, they shall be subject to such sanctions and penalties as may be appropriate. The duties and obligations imposed by the Contract documents, and the rights and remedies available thereunder, shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

4. REPORTING REQUIREMENTS

The CONTRACTOR 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 CONTRACTOR shall cooperate with all the PRDOH and/or the Government of Puerto Rico efforts to comply with HUD requirements and regulations pertaining to reporting, including but not limited to 24 C.F.R. §§ 85.40-41 (or 84.50-52, if applicable) and 570.507, when applicable.

5. ACCESS TO RECORDS

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

6. MAINTENANCE/RETENTION OF RECORDS

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

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

The CONTRACTOR will take necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used in subcontracting when possible. Steps include:

(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 CONTRACTOR shall file Form HUD 2516 (Contract and Subcontract Activity) with the PRDOH on a quarterly basis.

8. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

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

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.

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

The CONTRACTOR shall comply with the provisions of Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Section 109 further provides that discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

11. SECTION 504 OF THE REHABILITATION ACT OF 1973

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

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

12. AGE DISCRIMINATION ACT OF 1975

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

13. DEBARMENT, SUSPENSION, AND INELIGIBILITY

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

14. CONFLICTS OF INTEREST

The CONTRACTOR shall notify the PRDOH as soon as possible if this Contract or any aspect related to the anticipated work under this Contract raises an actual or potential conflict of interest (as defined at 2 C.F.R. Part 215 and 24 C.F.R. § 85.36 (2013) (or 84.42 (2013), if applicable)). The CONTRACTOR shall explain the actual or potential conflict in writing in sufficient detail so that the PRDOH is able to assess such actual or potential conflict. The CONTRACTOR shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The CONTRACTOR shall accept any reasonable conflict mitigation strategy employed by the PRDOH, including but not limited to the use of an independent subcontractor(s) to perform the portion of work that gives rise to the actual or potential conflict.

15. SUBCONTRACTING

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

(i) Placing unreasonable requirements on firms in order for them to qualify to do business,
(ii) Requiring unnecessary experience and excessive bonding,
(iii) Noncompetitive pricing practices between firms or between affiliated companies,
(iv) Noncompetitive awards to consultants that are on retainer contracts,
(v) Organizational conflicts of interest,
(vi) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement, and
(vii) Any arbitrary action in the procurement process.

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

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

16. ASSIGNABILITY

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

17. INDEMNIFICATION

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

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

Salaries of personnel performing work under this Contract shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the Copeland "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. § 874; and Title 40 U.S.C. § 276c). The CONTRACTOR shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under this contract 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 CONTRACTOR 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 CONTRACTORS or subcontractors shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act, and the CONTRACTORS and subcontractors shall comply with all regulations issued pursuant to that act and with other applicable Federal laws and regulations pertaining to labor standards.

20. DAVIS-BACON ACT

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

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

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

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

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

If, through any cause, the CONTRACTOR shall fail to fulfill in a timely and proper manner his obligations under this Contract, or if the CONTRACTOR shall violate any of the covenants, agreements, or stipulations of this Contract, the PRDOH shall thereupon have the right to terminate this Contract by giving written notice to the CONTRACTOR of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the CONTRACTOR under this contract shall, at the option of the PRDOH, become the PRDOH's property and the CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the Government of Puerto Rico and PRDOH for damages sustained by the Government of Puerto Rico and/or PRDOH by virtue of any breach of the contract by the CONTRACTOR, and the Government of Puerto Rico and/or PRDOH may withhold any payments to the CONTRACTOR for the purpose of set-off until such time as the exact amount of damages due to the Government of Puerto Rico and/or PRDOH from the CONTRACTOR is determined.

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

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

Equal Opportunity for Workers with Disabilities:
1) The CONTRACTOR will not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The CONTRACTOR agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based on their physical or mental disability in all employment practices, including the following:

(i) Recruitment, advertising, and job application procedures;
(ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
(iii) Rates of pay or any other form of compensation and changes in compensation;

(iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
(v) Leaves of absence, sick leave, or any other leave;
(vi) Fringe benefits available by virtue of employment, whether or not administered by the CONTRACTOR;
(vii) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
(viii) Activities sponsored by the CONTRACTOR including social or recreational programs; and
(ix) Any other term, condition, or privilege of employment.

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

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

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

5) The CONTRACTOR will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the CONTRACTOR is bound by the terms of section 503 of the Rehabilitation Act of 1973, as amended, and is committed to take affirmative action to employ and advance in employment individuals with physical or mental disabilities.

6) The CONTRACTOR will include the provisions of this clause in every subcontract or purchase order in excess of $10,000, unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to section 503 of the act, as amended, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the Deputy Assistant Secretary for Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

24. EQUAL EMPLOYMENT OPPORTUNITY

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

The CONTRACTOR shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60).

During the performance of this contract, the CONTRACTOR agrees as follows:

1) The CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The CONTRACTOR shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color,

religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

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

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

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

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

6) The CONTRACTOR will furnish all information and reports required by 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 CONTRACTOR's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in 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) CONTRACTOR shall incorporate the provisions of A through G above in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor so that such provisions shall be binding on such subcontractor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non- compliance, provided, however, that in the event the CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

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

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

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

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

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

The CONTRACTOR 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 CONTRACTOR or subcontractors, that any facility to be utilized in the performance of any nonexempt contract or subcontract, is not listed on the Excluded Party Listing System pursuant to 40 C.F.R. 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.

2) Agreement by the CONTRACTOR to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. § 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 contract, 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 contract, is under consideration to be listed on the Excluded Party Listing System or the EPA List of Violating Facilities.

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

27. ANTI-LOBBYING (Applicable to contracts exceeding $100,000)
By the execution of this Contract, the CONTRACTOR certifies, to the best of his or her knowledge and belief, that:

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

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any

agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CONTRACTOR shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

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

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

28. BONDING REQUIREMENTS

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

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

1) A bid guarantee from each bidder equivalent to five percent 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 bid, execute such contractual documents as may be required within the time specified.

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

3) A payment bond on the part of the CONTRACTOR for 100 percent of the contract 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 contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

2) The parties to this contract 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 contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

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

4) The CONTRACTOR agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. part 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 CONTRACTOR will not subcontract with any subcontractor where the CONTRACTOR has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. part 135.

5) The CONTRACTOR will certify that any vacant employment positions, including training positions, that are filled: (1) after the CONTRACTOR is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. part 135 require employment opportunities to be directed, were not filled to circumvent the CONTRACTOR'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 contract 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 contract. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

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

30. FAIR HOUSING ACT

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

31. ENERGY POLICY AND CONSERVATION ACT

CONTRACTOR shall comply with mandatory standards and policies relating to energy efficiency as contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201 et seq).

32. HATCH ACT

CONTRACTOR agrees to comply with mandatory standards and policies relating to Hatch Act, Public Law 94-163, as Amended.

The Hatch Act applies to political activities of certain state and local employees. As a Puerto Rico Department of Housing CONTRACTOR, you may do any of the following activities: Be a candidate in nonpartisan elections; Attend political meetings and

conventions; Contribute money; Campaign in partisan elections; and Hold office in political parties.

The CONTRACTOR may not do the following activities: Be a candidate in partisan elections; Use official influence to interfere in elections; Coerce political contributions from subordinates in support of political parties or candidates The Office of Special Counsel operates a website that provides guidance concerning Hatch Act issues.

33. HEALTH AND SAFETY STANDARDS

All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or dangerous to his 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 CONTRACTOR represents that it has, or will secure at its own expense, all personnel required in performing the Work under this Agreement. Such personnel shall not be employees of or have any contractual relationship with the City. All the Work required hereunder will be performed by the CONTRACTOR or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such Work. No person who is serving sentence in a penal or correctional institution shall be employed on work under this Contract.

35. WITHHOLDING OF WAGES

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

36. CLAIMS AND DISPUTES PERTAINING TO WAGE RATES

Claims and disputes pertaining to wage rates or to classifications of professional staff or technicians performing work under this Contract shall be promptly reported in writing by

the CONTRACTOR to the PRDOH for the latter's decision which shall be final with respect thereto.

37. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

No person employed on the work covered by this Contract shall be discharged or in any way discriminated against because he 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 employer.

38. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS

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

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

39. INTEREST OF CERTAIN FEDERAL OFFICERS

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

40. INTEREST OF CONTRACTOR

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

41. POLITICAL ACTIVITY

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

42. RELIGIOUS ACTIVITY

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

43. FLOOD DISASTER PROTECTION ACT OF 1973

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

44. LEAD BASED PAINT

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