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BY ELECTRONIC MAIL

September 11, 2024

Blanca Fernández González
Executive Director
Puerto Rico Housing Finance Authority

Re: Isabela Multifamily ACRUVA, LLC

Dear Ms. Fernández González:

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed loan agreement between the Puerto Rico Housing Finance Authority (the “Authority”) and Isabela Multifamily ACRUVA, LLC (the “Proposed Contract”).

After reviewing the Proposed Contract, the Oversight Board concludes “Approved with Observations.” Observations related to the Proposed Contract are set forth in Appendix A attached hereto.

Our review is solely limited to compliance of the Proposed Contract with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local; and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local.

In addition, the Oversight Board has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Contract must be submitted to the Oversight Board for review and approval **prior to execution**.

Date: 9/11/2024

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Recipient: Ms. Fernández González

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

This letter is issued only to the Authority and solely with respect to the Proposed Contract.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury
General Counsel

APPENDIX A

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PUERTO RICO HOUSING FINANCE AUTHORITY – ISABELA MULTIFAMILY ACRUVA, LLC

Fiscal Plan Alignment

This review covers the Proposed Contract between the Authority, as lender, and Isabela Multifamily ACRUVA, LLC as borrower (the “Borrower”), for the construction of a 168-unit multifamily residential project to be known as Mirafior Village Apartments Projects (the “Project”). The Project shall be located between PR 112 and PR 212, in the Miraflores sector of the Municipality of Isabela. All the Project’s residential units will be rent and income restricted at or below 80% of the area median income.

Pursuant to the Proposed Contract, the Authority will loan **\$25,659,375** in HOME funds to the Borrower for hard construction costs and soft costs incurred for, or in connection with, the Project. The loan will accrue interest at a rate of 3% annually for **40 years** from the date of project completion,¹ notwithstanding the occurrence of an event of default as defined in the Proposed Loan Agreement

The Authority has certified that the Proposed Contract shall be covered entirely with federal funds stemming from HUD’s HOME Investment Partnerships Program and Low-Income Housing Tax Credits. As such, the Oversight Board’s review indicates that the Authority has sufficient budgeted funds in Fiscal Year 2025 to cover the cost of the Proposed Contract as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the Authority throughout the Proposed Contract’s term. Consequently, we rely on the Authority’s budget certification for purposes of this review.

The Authority is expected to inform the Oversight Board of any budgetary differences other than those specified in Appendix A to the Policy (Contract Submission Questionnaire) and to request a re-review of the Proposed Contract should any changes occur.

This review was conducted on the basis of information submitted by the Authority. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.

¹ Project completion is the date in which all construction has been completed, all HOME funds have been disbursed, all permits have been obtained, and the required completion data has been entered in the US Department of Housing and Urban Development’s (“HUD”) Integrated Disbursement and Information System.