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Executive Director

BY ELECTRONIC MAIL

June 8, 2026

Mr. Ricardo Álvarez Barreto
Executive Director
Puerto Rico Housing Finance Authority

Re: HOME-ARP – Municipality of San Juan, and Bayamón.

Dear Mr. Álvarez Barreto:

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 contracts between Puerto Rico Housing Finance Authority (the “PRHFA”) and (i) the Municipality of San Juan, and (ii) the Municipality of Bayamón (the “Proposed Contracts”).

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

Our review is solely limited to compliance of the Proposed Contracts 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 Contracts must be submitted to the Oversight Board for review and approval **prior to execution**.

Date: 6/8/2026

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Recipient: Mr. Álvarez Barreto

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 PRHFA and solely with respect to the Proposed Contracts.

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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PRHFA – (i) MUNICIPALITY OF SAN JUAN, AND (ii) MUNICIPALITY OF BAYAMÓN

Fiscal Plan Alignment

This review covers the Proposed Contracts between the PRHFA and (i) the Municipality of San Juan, and (ii) the Municipality of Bayamón for the acquisition and rehabilitation of scattered-site residential properties located within the Municipalities of San Juan and Bayamón in accordance with the HOME Investment Partnership Program-American Rescue Plan Program (“HOME-ARP”) implemented by the United States Department of Housing and Urban Development (“HUD”). The Municipalities of San Juan and Bayamón will acquire and rehabilitate 52 and 55 scattered-site residential properties, respectively.

The Proposed Contracts stem from the Notice of Funding Availability issued by the PRHFA on February 24, 2025. Each of the Proposed Contracts have a **17-year term** from their respective dates of execution. The PRHFA will provide the Municipalities of San Juan and Bayamón **\$15,000,000**, respectively, with HOME-ARP grant funds.

The PRHFA has certified that the Proposed Contracts will be covered entirely with federal funds stemming from the HOME-ARP Program. In response to a request for information from the Oversight Board the PRHFA certified that the HOME-ARP Program was established by HUD as a special, one-time allocation under the American Rescue Plan Act to address the housing and service needs arising from the COVID-19 pandemic. These federal funds are made available through a line of credit established by HUD from which disbursements are drawn.

The Municipalities of San Juan and Bayamón will submit certified construction payment requests, which will be reviewed by the PRHFA to ensure compliance with the HOME-ARP Program requirements prior to initiating any drawdown from the HUD’s line of credit.

Following the PRHFA’s approval, HOME-ARP funds will be drawn electronically by PRHFA from HUD’s line of credit. The requested funds will be deposited into PRHFA’s local HOME Concentration Bank Account (**Account No. BPPR 030-811090**) and will then be transferred to the HOME-ARP Concentration Bank Account (**Account No. BPPR 030-285143**) for payment to the municipalities.

As such, the Oversight Board’s review indicates that the PRHFA has sufficient budgeted funds in Fiscal Year 2026 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 PRHFA throughout the Proposed Contracts’ terms. Consequently, we rely on PRHFA’s budget certification for purposes of this review.

The PRHFA 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 Contracts should any changes occur.

APPENDIX A

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Finally, the following observation is based on 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and other relevant federal funding requirements:

Observation	Recommendation
1. We note that the Broad-Level Tiered Environmental Review for Activity/Project that is Categorically Excluded Subject to Section 58.5 Pursuant to 24 CFR Part 58.35(a) forms for both the Municipality of San Juan and the Municipality of Bayamón indicate that the environmental review completed at this stage represents a Tier 1 or Broad-Level review only. The forms further state that, as individual sites are selected, the Tier 1 review must be supplemented by individual Tier 2 or Site-Specific reviews for each site, and that all laws and authorities requiring site-specific analysis will be addressed through those individual reviews.	While the determination reflected in the environmental review form indicates that there are no extraordinary circumstances requiring completion of an Environmental Assessment and that the project may remain classified as Categorically Excluded Subject to Section 58.5 (CEST), PRHFA should continue monitoring and updating the environmental review record as the property inventory review and site selection process progresses. This recommendation is intended to ensure that, as each property is identified for potential acquisition, the corresponding Tier 2 or Site-Specific Environmental Review is completed, documented, and retained in the applicable project file. This will help confirm continued compliance with applicable HUD environmental review requirements, 24 CFR Part 58, and the program requirements identified in the Tier 1 review.

This review was conducted on the basis of information submitted by the PRHFA. 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.