

“Puerto Rico Housing Financing Authority Act”

Act No. 103 of August 11, 2001, as amended,

(Contains amendments incorporated by:

Act No. 107 of July 31, 2002

Act No. 295 of December 29, 2002)

To denominate the Puerto Rico Housing Financing Corporation, subsidiary of the Government Development Bank for Puerto Rico, as the Puerto Rico Housing Financing Authority; and to repeal Act No. 146 of June 30, 1961, as amended, in order to dissolve the Puerto Rico Housing Bank and Financing Agency, and transfer its powers, faculties, obligations and assets to the Puerto Rico Housing Financing Authority, and to adopt Resolution No. 4023 of November 16, 1977, as amended, except for the provisions regarding the composition of the Board of Directors.

STATEMENT OF MOTIVES

The Puerto Rico Housing Bank and Financing Agency (the "Housing Bank"), a public corporation attached to the Puerto Rico Department of Housing, was created by Act No. 146 of June 30, 1961, as amended, for the purpose of aiding the Government of the Commonwealth of Puerto Rico in its housing subsidy and financing programs for families of low and moderate income. The Housing Bank has successfully executed those programs designed to provide and expedite the financing of affordable housing.

With the purpose of providing financing and services to create and preserve affordable housing, and thus contribute to the socioeconomic development of Puerto Rico, by providing financing options for low or moderate incomes families, the Board of Directors of the Government Development Bank for Puerto Rico (the “Government Development Bank”), created, through Resolution No. 4023 of November 16, 1977, as amended, the Puerto Rico Housing Financing Corporation (the Corporation), as a subsidiary of the Government Development Bank.

At present, the housing financing programs for families of low or moderate income are dispersed and disbanded between the Housing Bank and the Corporation. This legislature deems and declares that the government functions of facilitating and providing direct or indirect financing for the development, rehabilitation and acquisition of affordable housing, the administration of certain housing programs, including housing subsidy programs, mortgage insurance, among others, and the development, operation and maintenance of single or multifamily housing, whether for sale or rent, for low or moderate income families or persons, should be consolidated and coordinated in a single government body to prevent duplication of functions and to more effectively comply with the government responsibility of promoting the welfare of its people and the economy of Puerto Rico.

The Corporation, as a subsidiary of the Government Development Bank, has the fiscal solvency and access to secondary markets needed to successfully offer more products in the capital markets that serve as a financing source for the development, rehabilitation, and acquisition of affordable housing, the administration of certain housing programs, including subsidy programs, mortgage insurance and the development, operation and maintenance of housing for their sale or lease to low or moderate income families. The consolidation of resources, powers, faculties and obligations related to the financing of housing in a single entity shall strengthen the image of the financing body, since a single entity for the financing of affordable housing shall have greater influence in the negotiation of financial agreements with the federal government and the private sector, in addition to providing a "One-Stop-Center" for housing developers and mortgage bankers.

As the result of this evaluation, this Legislature deems it necessary and convenient to repeal Act No. 146 of June 30, 1961, as amended, and as a consequence, to dissolve the Housing Bank and Financing Agency, and direct the transfer of all its powers, faculties, obligations, functions, contracts, agreements, properties and other assets, funds, among other resources and employees, to the Housing Financing Authority as of the effective date of this Act. Furthermore, Resolution No. 4023 of November 16, 1977, as amended, of the Board of Directors of the Government Development Bank for Puerto Rico, is hereby adopted and made part of this Act, and the Corporation is redennominated to be known as the Puerto Rico Housing Financing Authority.

For all the above, this Legislature deems that the provisions of this Act shall serve as a valuable tool for the strengthening of the affordable housing programs of the Island.

Be it enacted by the Legislature of Puerto Rico :

Section 1. — Short Title. (7 L.P.R.A. § 924 note)

This Act shall be known and may be cited as the "Puerto Rico Housing Financing Authority Act".

Section 2. — Definitions. (7 L.P.R.A. § 924)

(a) *Authority* — Means the Puerto Rico Housing Financing Authority, the name by which the Puerto Rico Housing Financing Corporation, as defined hereinbelow, shall be known as of the effective date of this act.

(b) *Housing Bank* — Means the Puerto Rico Housing Bank and Financing Agency, a public corporation subsidiary of the Puerto Rico Department of Housing, created under Act No. 146 of June 30, 1961, as amended, which is dissolved pursuant to the provisions of this act.

(c) *Government Development Bank* — Means the Government Development Bank for Puerto Rico, created by Act No.17 of September 23, 1948, as amended [7 L.P.R.A. §§ 551-568], known as the "Government Development Bank for Puerto Rico Act".

(d) *Corporation* — Means the Puerto Rico Housing Financing Corporation, a public corporation subsidiary of the Government Development Bank for Puerto Rico, created by Resolution No. 4023 of November 16, 1977, as amended, of the Board of Directors of the

Government Development Bank for Puerto Rico, redenominated following the merger as the Puerto Rico Housing Financing Authority.

Section 3. — Transfer. (7 L.P.R.A. § 926)

(a) All the assets, functions, contracts, agreements, exemptions and privileges of the Housing Bank are hereby transferred to the Authority, as well as all its existing rights records and resources as of the effective date of this Act.

(b) All debts, liabilities, obligations, agreements and the collective bargaining agreement of the Housing Bank are hereby transferred to the Authority as of the effective date of this Act. Any surplus in assets of the Housing Bank transferred to the Corporation that exceeds the obligations assumed by the new Authority as of the effective date of the merger shall be transferred to the Budgetary Fund of the Commonwealth of Puerto Rico. Any property of the Housing Bank that has been mortgaged, encumbered or serves as a pledge in favor of any bondholder or other creditor of the Housing Bank, shall continue to be subject to said mortgage, lien or secured interest, until the mortgage, lien or guaranteed interest has been cancelled or terminated pursuant to its terms and conditions. All bondholders or other creditors of the Housing Bank and those persons who have any sort of claims or contracts with the Housing Bank, shall be entitled to claim from the Authority compliance of said debts, claims and contracts in the same way they would have been able to make a claim against the Housing Bank. The remedies available to said bondholders, creditors and persons entitled to said claims or contracts shall in no way be limited or restricted by this Act.

(c) All employees of the Housing Bank and of the Corporation shall become employees of the Authority, which shall be the successor employer as of the effective date of this Act, recognizing the seniority of the workers of the Housing Bank, as established in the collective bargaining agreement that was in effect between the Union and the Housing Bank, as of the date of this Act.

(d) None of the provisions of this Act shall affect the constitutional right to collective bargaining enjoyed by the employees of the Housing Bank, nor the vested rights, benefits and privileges, by virtue of the collective bargaining agreements negotiated under Act No. 130 of May 8, 1945, as amended, known as the "Puerto Rico Labor Relations Act".

(e) As of the effective date of this Act, the Authority, as successor employer of the employees, shall recognize the union that represents the unionized workers of Housing Bank, and shall assume the agreement in effect on said date.

(f) If any conflict should arise between the rights, benefits and privileges guaranteed to the workers of the Housing Bank and of the Corporation in the collective bargaining agreements and/or the regulations applicable to them, the collective bargaining agreement and/or regulations that most benefit the employees shall be applied.

(g) All employees affected by the transfer provided in this Act shall be guaranteed their rights, privileges, obligations, civil service status, if any, acquired under the laws, collective bargaining agreements and personnel regulations in effect on the effective date of this Act, as well as any existing pension, retirement or savings and loan system to which they may be affiliated or belong to, on the effective date of this Act. Provided that non-union employees of the previous Corporation shall preserve their respective public service seniority rights in the Authority, which shall not be altered, nor shall the Authority reduce the salaries and

fringe benefits acquired by non-union employees, the rights under their respective individual employment contracts, personnel regulations or resolution of the Board of Directors. The Authority shall establish a plan for compliance of these provisions that shall guarantee the classification of their positions, salaries and fringe benefits of the managerial employees of the previous Corporation. Furthermore, the managerial employees of the previous Corporation shall retain their status as non-union employees until the Puerto Rico Labor Relations Board determines otherwise.

(h) The Registrars of the Property Registry are hereby directed to acknowledge all the property of the Housing Bank as transferred to the Authority, from the effective date of this Act.

(i) All regulations, orders, resolutions, circular letters and other administrative documents of the Housing Bank shall be kept in effect as the regulations, orders, resolutions and circular letters of the Authority, until the same are amended, supplemented, repealed or rendered ineffective by the Authority pursuant to the Act.

(j) The Secretary of the Department of Housing and the Executive Director of the Authority are hereby directed to adopt all those measures and take all steps deemed necessary to ensure the effective and adequate transfer of powers, faculties, obligations, agreements, collective bargaining agreements, properties and other resources transferred through this Act, including, but without being limited to, the administration programs and services provided by the Housing Bank, so that they will not be affected or interrupted.

(k) Any reference to the Housing Bank or to the Housing Financing Corporation in any other Act or regulations shall be construed to refer and apply to the Authority.

Section 4. — Board of Directors. (7 L.P.R.A. § 927)

Seven (7) members who shall be appointed by the Governor of Puerto Rico, shall constitute the Board of Directors of the Puerto Rico Housing Financing Authority. Two of them shall be ex-officio members, who are: the Secretary of the Department of Housing, who shall chair the Board of Directors; the Chairperson of the Board of Directors of the Government Development Bank for Puerto Rico. The Board shall also be constituted by three (3) additional members of the Board of Directors of the Government Development Bank for Puerto Rico, designated from among its members, and two members from the private sector.

Section 5. — Repeal of the Act - Dissolution of the Housing Bank. (7 L.P.R.A. § 924 note)

Act No. 146 of June 30, 1961, as amended, is hereby repealed, and as a consequence, the Housing Bank and Financing Agency is hereby dissolved, without the need for any other measure, declaration of law, resolution, or the granting of any deed or other additional document. The Board of Directors of the Government Development Bank for Puerto Rico may amend Resolution 4023 of November 16, 1977, as amended, which created the Corporation, to establish what said Board deems pertinent to expedite the merger provided herein. It is expressly provided that none of the contents of this Section or this Act in general, shall be construed to alter the nature of the Corporation constituted in the new Authority as a subsidiary of the Government Development Bank for Puerto Rico or the powers granted to

the Government Development Bank for Puerto Rico by its enabling Act with regard to the creation and administration of subsidiary enterprises.

Section 6.— Saving Clause. (7 L.P.R.A. § 924 note)

If any conflict should arise between the regulations or statutes of the Housing Bank and the Corporation, the regulation or statute that is most beneficial to the applicant for housing programs, its creditors and employees, shall be applied.

Section 7-A. — Responsibility to notify [of] affordable housing projects. (7 L.P.R.A. § 928)

The Puerto Rico Housing Financing Authority shall have the responsibility to prepare a register of existing and future affordable housing projects, including their location, the developer, and telephone numbers of the contacts and the person in charge of the project in the Puerto Rico Housing Financing Authority. This register shall be prepared within sixty (60) days from the approval of this act. The register shall be prepared annually, no later than January 30, and shall be remitted to the Governor of Puerto Rico, to all the mayors of the municipalities of Puerto Rico and to the Committees on Housing of both Legislative Bodies. The office in charge of affordable housing in the Puerto Rico Housing Financing Authority shall also have a copy of said registry.

Section 7. — Effectiveness. (7 L.P.R.A. § 924 note)

This Act shall take effect 180 days after its approval.

Note. This compilation was prepared by Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.