PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 4/30/2011

1.0

PHA Information

PHA Name: ***MUNICIPALITY OF SAN GERMAN*** PHA Code: ***RQ030***

PHA Type: ☒ Small ☐ High Performing ☒ Standard ☒ HCV (Section 8)

PHA Fiscal Year Beginning: (MM/YYYY): ***07/2010***

2.0

Inventory (based on ACC units at time of FY beginning in 1.0 above)

Number of PH units: _____ Number of HCV units: ***88***

3.0

Submission Type

☒ 5-Year and Annual Plan ☐ Annual Plan Only ☐ 5-Year Plan Only

4.0

PHA Consortia ☐ PHA Consortia: (Check box if submitting a joint Plan and complete table below.)

Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program	
				PH	HCV
PHA 1:					
PHA 2:					
PHA 3:					

5.0

5-Year Plan. Complete items 5.1 and 5.2 only at 5-Year Plan update.

5.1

Mission. State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years:

The mission of the Municipality of San Germán is the same of the Department of Housing and Urban Development, to promote adequate and affordable housing, economic opportunity and suitable living environment free from discrimination.

The Housing Authority of the Municipality of San Germán has revised the Annual Plan& 5 Year Plan in order to provide organizational and operational guidance for selecting families for participation in the Housing Choice Voucher Program. These plans includes the policies concerning the functions for which it has the discretion to establish the procedures of the Program

5.2	**Goals and Objectives.** Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan. **The goals and objectives stated here are derived from HUD's strategic Goals and Objectives and those emphasized in recent legislation.** A) Increase the availability of decent, safe and affordable housing: 1) Apply for additional rental vouchers. 2) Improve the quality of assisted housing objectives concentrating on efforts to improve specific management functions, (ej. voucher unit inspections). B) Increase assisted housing choices: 1) Provide voucher mobility and portability counseling to all the tenants and new admissions. Counsel and assist section 8 tenants to locate units outside areas of poverty or minority concentration. 2) Implement voucher homeownership program. 3) Increase voucher payment standard depending on the budget approved by HUD. C) Promote self-sufficiency and asset development of families and individuals. 1)Promote self-sufficiency and asset development of assisted households in order to increase the number and percentage of employed persons in assisted families. 2) Provide the family a list of local employers at the new admission briefing. D) Ensure Equal Opportunity in Housing. 1) Ensure equal opportunity and affirmatively further fair housing by undertaking affirmative measures to ensure access to assisted housing regardless of race, color, religion national origin, sex, familial status, and disability: i) undertaking affirmative measures to provide a suitable living environment for families living in assisted housing regardless of race, color, religion national origin, sex, familial status, and disability. ii) Undertaking affirmative measures to ensure accessible housing to persons with all varieties of disabilities regardless of unit size required. E) Improve the quality of assisted housing and attain and maintain a Section 8 Management Assessment score of at least 90%. See part 10.0 of this Plan for the description of the PHA progress in Meeting Mission & Goals report.

6.0	**PHA Plan Update** (a)Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission: The Municipality of San Germán certifies that the following policies, programs, and plan components have been revised since submission of its last Annual PHA Plan (check all policies, programs, and components that have been changed): 1. Housing Needs 2. Eligibility, Selection, and Admissions Policies 3. Financial Resources 4. Progress in meeting 5-year mission and goals 5. Criteria for substantial deviation and significant amendments 6. Resident Advisory Board consultation process 7. VAWA (b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions. Municipality of San Germán Section 8 Office Avenida Universidad Interamericana #136 San Germán, P.R. 00683
7.0	**Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers*. Include statement related to this programs as applicable.*** **<u>Homeownership Program</u>** The Municipality of San Germán implemented a Homeownership Program in accordance with the Quality Housing and Work Responsibility Act of 1998. One of the major objectives of the Municipality of San Germán is to create maximum opportunities to both low and very low income families to become first-time homeowners and will attempt the necessary procedures to promote that program within its housing program. Our PHA has given meetings to provide orientation to Section 8 participants about this program. The total family that will be serving through this program will be limited to 22 families. At this moment, the PHA has not closed any homeownership case. That is because the income status of the participant families. Most of them depend on food stamps, childcare supports and other governmental assistance. The Municipality of San Germán has established the following eligibility criteria (24 CFR 982.627) for participation in its Section 8 Homeownership Program:

The family must meet all the requirements listed below before the commencement of homeownership assistance:

1. The family must be eligible for the Housing Choice Voucher Program. [24 CFR 982.627(a)].

2. The family must be in "good standing".
   The PHA defines a family participant to be in "good standing" as:
   a. Having no outstanding debts to the Municipality of San Germán or any other Housing Authority.
   b. Having no outstanding debts with any municipality and/or any government institutions.

3. The family must qualify as a FTH, or may be a cooperative member as defined by HUD. [24 CFR 982.627(a)].

4. The head of household, spouse or adult family member must meet the federal minimum income requirement. Whereby, they must have a gross annual income equal to the federal minimum wage multiplied by 2000, based on the income of adult family members who will own the home. Unless the family is elderly or disabled, income from welfare assistance will not be counted toward this requirement. [24 CFR 982.627(c)].

5. As previously stated, the family must meet the federal minimum employment, which is defined as follows:
   a- Except in the case of elderly and disabled families one or more adults in the family who will own the home must be currently employed full time and must have been continuously employed for one year prior to homeownership assistance. The Municipality of San Germán (PHA) will also consider whether and to what extent an employment interruption is considered permissible, satisfying, employment requirement. Interruptions of less than 60 days will count as continuous employment during the year. The Municipality of San Germán will also consider successive employments during the one-year period and self-employment a business. [24 CFR 982.627(d)].
   b- HUD regulations define "full-time employment" as not less than an average of 30 hours per week. [24 CFR 982.627(d)(2)(i)].
   c- The federal minimum employment requirement does not apply to elderly or disabled families. [24 CFR 982.627(d)(3)].

6. Any family member who has previously defaulted on a mortgage obtained through homeownership program option and/or any other federal subsidized mortgage program is barred from receiving future homeownership assistance. [24CFR 982.627(e)].

7. Must attend and satisfactorily successfully complete a minimum of 10 hours of the PHA's pre-assistance homeownership and housing counseling program the maximum will be a case by case in accordance to the families needs. [24 CFR 982.982.630(a)].

8. Must complete the pre-qualification process with the identified entity. [24 CFR 982.627(c)(3) & 24 CFR 982.632].

	The PHA has demonstrated its capacity to administer the program by: 1. Establishing a minimum homeowner down payment requirement of at least 3 percent of purchase price and requiring that at least 1 percent of the purchase price comes from the family's resources. 2. Requiring that financing for purchase of a home under its Section 8 homeownership will be provided, insured or guaranteed by the state or Federal government; comply with secondary mortgage market underwriting requirements; or comply with generally accepted private sector underwriting standards. The PHA will undertake the following actions to implement the program this year: 1. Promote the Homeownership Program among participating families. 2. Outreach the preliminary eligible of participating families in order to market the program. 3. The PHA will schedule several meetings with tenants and owners in which the Section 8 staff will provide to them orientation about the Homeownership Program.
8.0	**Capital Improvements.** Please complete Parts 8.1 through 8.3, as applicable.
8.1	**Capital Fund Program Annual Statement/Performance and Evaluation Report.** As part of the PHA 5-Year and Annual Plan, annually complete and submit **t**he *Capital Fund Program Annual Statement/Performance and Evaluation Report,* form HUD-50075.1, for each current and open CFP grant and CFFP financing.
8.2	**Capital Fund Program Five-Year Action Plan.** As part of the submission of the Annual Plan, PHAs must complete and submit the *Capital Fund Program Five-Year Action Plan,* form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.
8.3	**Capital Fund Financing Program (CFFP).** ☐ Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.

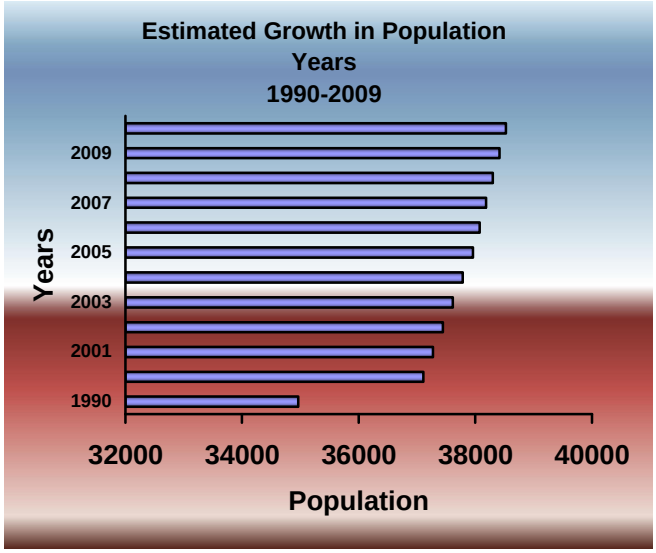
Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

Statement of Housing Needs

GENERAL INFORMATION**:**

The U.S. Census 2000 reported a population for the city of San Germán of 37,105 inhabitants. According to the Planning Board, the Program of Economic and Social Planning and the Census Bureau is estimated growth in population for the year 2009 of 38,414, which is equivalent to an increase of 3.5%. During the year 1990 it was reported a total population of 34,962 inhabitants reflecting a population growth of 10% from the Year 1990 to 2009.

9.0



Most of the population amounts to young people between the ages of twenty five (25) to thirty four (34) years. San Germán has one of the most prestigious and old universities in Puerto Rico, two (2) major hospitals and an industrial zone with recognized pharmaceutical Industries. As well as educational institutions, and the pharmacists compose the biggest labor force of the city for what persons' big quantity they have moved to the area to be closer to their jobs, increasing this way, the population of our city. Due to population increase, there exist a greatly increase needs for safe, affordable housing.

The Comprehensive Housing Affordability Strategy (CHAS) Data Book issued by the U.S Department of Housing

and Urban Development, indicated that the Municipality of San Germán, has a total of 11,665 housing units of which 6,541 units are occupied by very Low income families, 1,543 units by low income families, 2,009 units by moderate income families and 5,614 housing units are being occupied by above income families.

It should be noted that the housing needs were based upon the number of renters and Owner Occupied units with one or more housing problems. The definition of housing problems includes those that:

- Occupying units having physical defects or being in deteriorated state
- Classified as being overcrowded
- Meet the definition of having a cost burden of more than 30%.

Based upon the latter, housing needs were determined to represent a major problem to identifying housing problems in both renter and owner occupied household with one (1) or more problems, such as residing within overcrowded, deteriorated and or dilapidated dwelling units, or meeting the definition of housing cost burdens greater than 30% of family's income.

ESTIMATED HOUSING NEEDS FOR A FIVE (5) YEARS PERIOD

The following mathematical formula can be used to estimate the need for the affordable housing for the next five years (2010-2014):

HN 2014 = HN2009 – 2005/09 HN B/R + HL + HNIP – HA

HN 2014 = 1,022 – 325 + 50 + 1535 – 675 = **1,607**

Definitions:

HN 2014 = Housing needs for the year 2014

HN 2009 = Housing needs for the year 2009

HN B/R 2005/09 = Housing construction during the years 2005/09 (expected)

HL = Housing losses during the same period

HNIP = Housing units needed due to increase in population

HA = Housing units assisted by the Municipality from 2005-2009 (future average)

The following table shows an estimate of housing units needed for the years 2009-2014. This includes projected housing construction and housing rehabilitation.

Estimated Housing Needs for the years 2009-2014	
Fiscal year	Estimated Housing Need
2009-10	350
2010-11	325
2011-12	310
2012-13	275
2013-14	347
Total	1,607

CATEGORIES OF PERSONS AFFECTED

HUD Housing Needs Table identifies the general priority needs for extremely low, low and moderate income renter and owner households. The estimated number of units is the need identified over the next five (5) years as estimated by the Puerto Rico Department of Housing and other private studies.

FIVE (5) YEAR HOUSING NEEDS		MFI %		UNMET NEED FOR FIVE (5) YEARS	FIVE (5) YEAR GOALS
Renter	Single Person	0-30%	EL	776	85
		31-50%	L	155	75
		51-80%	M	82	0.0
	Large Families	0-30%	EL	342	65
		31-50%	L	129	0.00
		51-80%	M	75	0.00
	Elderly	0-30%	EL	402	45
		31-50%	L	33	0.00
		51-80%	M	11	0.00
	All Other:	0-30%	EL	499	35
		31-50%	L	45	0.00
		51-80%	M	36	0.00
Owner		0-30%	EL	812	465
		31-50%	L	414	282
		51-80%	M	575	0.00
Special Needs		0-80%	EL,L,M	25	15
TOTAL GOALS					1,067

EXTREMELY LOW-INCOME HOUSEHOLDS (30% OR LESS OF MEDIAN INCOME)

Extremely low income households are defined by earning of 30% or less of the area median household income (adjusted for family size). The area median household income for San Germán in 2009 is $20,000.00, households earning 8,200.00 or less is considered extremely low income. The 2000 U.S. Census estimates that there are 2,499 owners and 924 renters in the Municipality earning at or below $4,900.00 per year totaling 9% of households.

Based on the 2000 US Census Data, other important characteristic of this segment of the population includes the following:

Renters	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (five or more members)	All Other	Total Renters
Household Income <=30% MFI	153	456	119	196	924
% with any housing Problem	38.6	56.8	100	33.2	54.3
Cost Burden >30%	30.7	40.1	56.3	21.9	36.8
Cost Burden >50	24.2	34.9	56.3	19.9	32.7

Renters

- 100% of large related household (five (5) or more persons) experience one (1) or more housing problems – a higher percentage than any other category of renter.

- 56.3% of large related households experience a cost burden greater than 30% and 56.3 have a cost burden greater than 50%.

Owners	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (five or more members)	All Other	Total Owners
Household Income <=30% MFI	496	589	176	314	1,575
% with any housing Problem	54.2	70.5	79.5	59.2	61.4
Cost Burden >30%	49.0	47.9	38.1	43.9	46.3
Cost Burden >50	32.7	24.2	31.1	13.6	33.1

Owners

- 60% owners versus 54.3% of renters experience one or more housing problems
- 29.3 % of owners versus 56.3% of renters experience a cost burden more than 50%.

VERY LOW INCOME HOUSEHOLDS (31% TO 50% OF MEDIAN INCOME)

Very low income households are earning between 31% and 50% of the area median household income (adjusted for family size). The area median household income for San Germán in 2009 is $20,000.00, households earning between $4,900-8,200 annually are considered very low income. The 2000 US Census estimates that there are presently 1,543 owners and 488 renters in San Germán earning between $4,900 and $8,200 per year, totaling 5% of households. Based on U.S. Census Data, other important characteristic of this segment of the population includes the following:

Renters	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (five or more members)	All Other	Total Renters
Household Income >30 to <=50 MFI	85	190	132	81	488
% with any housing Problem	35.3	68.4	92.4	44.4	65.2
Cost Burden >30%	35.3	45.8	33.3	34.6	38.7
Cost Burden >50	11.8	30.0	15.2	17.3	20.7

Renters

- 92% of large related households and 68.4 of small related households (2 to 4 members) experience one or more housing problems.
- 45.8% of small related household experience one or more housing problems greater than 30%
- 30% of small related household experience cost burden more than 50%.

Owners	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (five or more members)	All Other	Total Owners
Household Income >30 to <=50% MFI	421	415	169	50	1,055
% with any housing Problem	37.5	45.98	79.3	48.0	48.0
Cost Burden >30%	29.0	18.6	17.8	32.0	23.2
Cost Burden >50	11.9	6.5	2.4	24.0	8.8

Owners

- 53.4% owners versus 65.2% of renters experience one or more housing problems.
- 28.1% owners versus 38.7 of renters experience cost burden more than 30%.

LOW, MODERATE AND MIDDLE INCOME HOUSEHOLDS (51% TO 80% OF MEDIAN INCOME)

Low and moderate income households are those earning between 51% and 80% of the area median household income (adjusted for family size). Given the area median income for San Germán in 2009 is 20,000, households earning between 8,200 and 13,100 are considered low income. The 2000 Census estimates that there are presently 2,009 owners and 489 renters in the Municipality earning between 8,200 and 13,100 per year, totaling 6% of total households. Based on U.S. Census Data, other important characteristic of this segment of the population includes the following:

Renters	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (five or more members)	All Other	Total Renters
Household Income >50 to <=80 MFI	58	252	97	82	489
% with any housing Problem	13.8	43.3	95.9	46.3	50.7
Cost Burden >30%	6.9	20.6	23.7	29.3	21.1
Cost Burden >50	0.0	3.2	4.1	00	2.5

Renters

- 95.9% of large related household (five (5) or more members) experience one or more housing problems- A higher percentage than any other category of renters.
- 29.3% of all other households experience a cost burden greater than 30%- a higher percentage than any other category of renter.

Owners	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (five or more members)	All Other	Total Owners
Household Income >50 to <=80 MFI	493	687	207	133	1,520
% with any housing Problem	17.6	43.4	75.8	37.6	38.9
Cost Burden >30%	14.4	25.9	7.7	31.6	20.2
Cost Burden >50	6.9	11.5	1.9	3.0	8.0

Owners

- 41% of owners versus 50.7 of renter a higher percentage than any other category of renter households experience one or more housing problems.
- 31.6% of all others owners and 29.3% of all others renters experience a cost burden of more than 30%
- 6.6% of owners versus 4.1 of renters experience a cost burden more than 50%

TABLE: CHAS HOUSING PROBLEMS

Name of Jurisdiction: San Germán Municipal (CDBG), Puerto Rico	Source of Data: CHAS Data Book	Data Current as of: 2000

Household by Type, Income, & Housing Problem	Renters					Owners					Total Households
	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (5 or more members)	All Other	Total Renters	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (5 or more members)	All Other	Total Owners	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1. Household Income <= 30% MFI	203	599	231	377	1,412	917	1,004	345	394	2,660	4,072
2. Household Income <=30% MFI	153	459	119	156	324	456	586	175	314	1,531	2,499
3. % with any housing problems	39.0	66.8	100.0	88.5	54.8	54.2	62.6	71.5	55.2	64.1	60.6
4. % Cost Burden >30%	39.7	46.1	66.8	21.6	36.8	47.0	43.9	59.1	45.5	46.9	42.8
5. % Cost Burden >50%	24.2	34.3	66.8	13.5	32.7	34.5	31.1	13.5	55.1	27.6	29.3
6. Household Income >30 to <=50% MFI	66	133	102	61	400	421	413	106	62	1,002	1,343
7. % with any housing problems	46.2	68.4	100.0	34.4	65.2	37.5	46.3	78.2	45.2	48.3	53.4
8. % Cost Burden >30%	36.3	45.5	33.3	34.6	36.7	25.0	16.5	17.5	33.3	23.2	28.1
9. % Cost Burden >50%	11.6	30.3	6.2	17.3	20.7	11.9	6.3	2.4	24.2	8.6	13.6
10. Household Income >50 to <=80% MFI	64	252	77	82	475	493	637	207	133	1,522	2,069
11. % with any housing problems	13.0	43.3	95.9	45.3	50.7	17.6	45.4	15.8	37.6	38.3	41.8
12. % Cost Burden >30%	6.0	20.6	23.7	29.3	21.1	14.4	20.3	7.7	31.6	20.2	20.4
13. % Cost Burden >50%	0.0	3.2	4.1	0.0	2.5	6.0	11.5	1.5	5.0	8.2	6.6
14. Household Income >80% MFI	109	668	33	110	920	943	2,733	543	331	4,550	5,614
15. % with any housing problems	23.9	32.1	47.3	9.1	22.7	9.9	28.1	53.6	24.7	27.7	26.9
16. % Cost Burden >30%	16.5	3.6	0.0	0.1	5.6	7.3	7.5	4.0	23.4	8.1	7.1
17. % Cost Burden >50%	8.7	0.0	0.0	0.0	0.4	3.0	2.7	1.2	4.1	2.2	2.4
18. Total Households	405	1,350	450	459	2,664	2,353	4,473	1,154	790	8,770	11,666
19. % with any housing problems	30.4	41.3	87.8	31.8	45.0	25.8	37.7	64.9	42.1	38.2	42.2
20. % Cost Burden >30%	24.4	28.2	31.5	22.4	24.0	21.5	15.5	11.6	33.5	18.8	20.1
21. % Cost Burden >50%	12.5	14.2	21.7	11.3	14.7	10.1	8.1	3.4	16.8	8.8	10.2

INCOME AND COST BURDEN IN SAN GERMÁN

Housing Cost Burden by Tenure		
% of Housing Cost Burden	% of Renters with cost Burden	% of all Cost Burden
38%	45%	40.2%

Source: U.S. Census 2000

Housing Cost Burning By Income			
% of Household Income < =30% of the Area Median Income Cost-Burden	% of Household Income 30 to 50% of the Area Median Income Cost-Burden	% of Household Income 50 to 80% of the Area Median Income Cost-Burden	% of Household 80% of the Area Median Income Cost-Burden
36.8%	65.2%	50.7%	22.7%

Source: U.S. Census 2000

Paying More than 50% of income on housing by Income			
% of Household Income < =30% paying more than 50% of income on Housing	% of Household Income at 30-50% of the Area Media Income paying more than 50% of income on Housing.	% of Household Income 50 to 80% of the Area Median Income paying more than 50% of income on Housing.	% of Household 80% of the Area Median Income paying more than 50% of income on Housing.
32.7%	20.7%	2.5%	.4%

Source: U.S. Census 2000

SUBSTANDARD HOUSING

The U.S. Census defined substandard housing, as housing that does not meet local code standards for occupancy. Occupied housing units exhibiting one or more of the following characteristics are considered inadequate: no heating fuel, no complete kitchen, no plumbing or overcrowded housing. In 2000, there were 689 housing units without sanitary services and two hundred forty seven (247) have lack of kitchen facilities.

OVERCROWDING

Overcrowded households are defined as those living in housing units with more than one person per room. The following table indicates the occupants per room in San Germán:

Occupants housing units		
Occupied Housing units	Number	Percent
1.00 or less	10,210	79.7
1.01 to 1.50	1,493	11.7
1.51 or more	1,106	8.6
TOTAL	12,809	100

According to the CHAS Data Book (2000) a total of 2,599 housing occupants are in overcrowded conditions in the Municipality. This represents a 20.3% of the total of occupied housing units. Additionally some, 87.6% of large families' renters' households represents overcrowded conditions.

ELDERLY

Like many cities, San Germán has an aging population that is projected to increase both in numbers and as a total population. As indicate below by projections:

Elderly Population Projections			
YEAR	TOTAL POPULATION	ELDERLY POPULATION*	PERCENT OF TOTAL POPULATION
2000	37,105	6,652	17%
2010	38,187	8,469	23%
2020	39,269	11,336	28%

*Age 60 U.S. Census Bureaus

At the present time 25.8% of the extremely low income elderly owners in San Germán experience one or more housing problems. According to the 2000 U.S. Census Data the elderly population was 6,652. From this amount 2,350 are owners households, in where 649 (27%) being extremely low income elderly (having annual incomes below 30% of the area median). Of these extremely low income elderly owners, more than half (54.2%) experience housing problems and, 49% have cost-burden by paying more than 30% of the median of their annual income for housing expense. The Census Data also points out that a total of 2,094 of the total elderly (over 65 years old) population is under poverty level.

Owners	Elderly <=30% MFI	Elderly >30 to <=50 % MFI	Elderly >50 to <=80 % MFI	Elderly <80% MFI	Total Owners
Total Owners Households	496	421	493	940	2350
% with any housing Problem	54.2	37.5	17.6	9.9	25.8
Cost Burden >30%	49.0	29.0	14.4	7.3	21.5
Cost Burden >50	24.2	11.9	6.9	3.6	10.1

PERSONS WITH DISABILITIES

Person with disabilities older than five (5) years old accounted 26% of the total city population. A total of 9,645 individuals have disabilities in San Germán (2000 U.S. Census) Based on national trend.

The following table shows the quantity of incapacitated persons by age bracket:

DISABILITY	MEN	WOMAN	TOTAL
5-15 years			
With one type of disability	128	85	213
With two or more kind of disability	27	25	52
16-20 years			
With one type of disability	125	154	280
With two or more kind of disability	157	134	291
21-64 years			
With one type of disability	1,056	1,125	2,181
With two or more kind of disability	2,035	1,857	3,892
64 years and over			
With one type of disability	406	572	978
With two or more kind of disability	741	1,017	1,758
TOTAL	4,676	4,969	9,645

Source: U.S. Census 2000

The incomes of the persons with impediments between the ages from twenty (21) to sixty four (64) are below the poverty level (US 2000 Census). Of this population 49% might be facing one or more problems of housing.

The largest incidences of cases reported are between the ages from twenty one (21) to sixty four (64) years for a total of 6,073. It is estimated that a large amount of these persons live in the care a senior citizen. Nevertheless, after a few years these persons will not be able to continue in their care due to the decrease of their physical skills or even deaths. Many of these persons will not necessarily need to be taken care of. However, they will need services of support and housing. If even only have required services these represent 3,037 adults that will required supportive services. And if only a half of these individual need housing, this will represent a need for 1,518 units of housing that are affordable to extremely low income individuals.

PERSONS WITH HIV/AIDS

In accordance with the information offered by the Division of Epidemiology, Area of Vigilance of Aids of the Department of Health of the Commonwealth of Puerto Rico, there have been a total of 7,467 cases reported of persons infected with the HIV/AIDS in Puerto Rico. The incidence of HIV/AIDS in order of cases reported by regions in Puerto Rico is divided as follows:

REGIONS	NUMBER OF CASES
San Juan	1726
Bayamon	1299
Ponce	996
Caguas	980
Area Metro	792
Arecibo	622
Mayagüez	465
Aguadilla	312
Fajardo	259

Source: Department of Health of the Commonwealth of Puerto Rico

The Mayagüez Region is the seventh (7th) region of health with major incidence reported cases. This incidence puts the state and local governmental agencies on alert and of the west region (in our case) leading them to develop strategies that allow them to analyze, determine and attend the special needs of this population, in particular the housing needs.

In accordance with obtained data, the Municipality of San Germán has reported one hundred-fifty (150) cases. This number includes eight (8) cases before 1990 and one hundred forty-two (142) since January 1990, and up to March 16, 2009. According to the available data at last 85% of the persons with HIV/AIDS do not have enough income to pay fair market rent or 30% of their income to rent.

SINGLE PERSON

Single persons and large families that required housing, calls for special consideration due to limit stock of small (0-1 bedroom) or large (4 or more bedroom) housing units.

According with 2000 U.S. Census Data, there were 2,687 (21.0%) single person household in the Municipality of San Germán. Most single-person household in San Germán are owners. Single person households represent 21% of all renter occupied units. Of the total of number of owned-occupied, 79% were single-persons household.

LARGE FAMILIES

In 2000, there were 1,614 large-family household with five (5) or more persons in the family unit, 26% of large families rented while 26% owned their dwelling. There are 21.7% of large related renters paying more than 50% of their income on housing and 3.4% large related owners paying more than 50% of their income on housing.

FAMILIES ON SECTION 8 WAITING LIST

There are currently one hundred eighty one (181) families on the waiting list for Section 8 tenant-based assistance. Of this, one hundred forty two (142) are extremely low income families with children and eighteen (18) that are elderly households, and twenty-one (21) with a disabled household member.

DISPROPORTIONATE NEED ASSESSMENT (91.205 (b) (2))

Racial or ethnics group doesn't have disproportionately greater needs in comparison to the needs of particular income category.

PRIORITY HOUSING NEEDS (households)		Priority		Unmet Need
Renter	Small Related	0-30%	High	776
		31-50%	Medium	155
		51-80%	low	82
	Large Related	0-30%	high	342
		31-50%	low	75
		51-80%	medium	129
	Elderly	0-30%	high	402
		31-50%	medium	33
		51-80%	low	11
	All Other	0-30%	low	36
		31-50%	Medium	45
		51-80%	High	499
Owner	Small Related	0-30%	High	258
		31-50%	Medium	103
		51-80%	low	92
	Large Related	0-30%	High	287
		31-50%	Medium	157
		51-80%	Low	218
	Elderly	0-30%	High	125
		31-50%	Medium	39
		51-80%	Low	171
	All Other	0-30%	High	142
		31-50%	Medium	115
		51-80%	Low	74
Non-Homeless Special Needs	Elderly	0-80%	High	10
	Frail Elderly	0-80%	High	10
	Severe Mental Illness	0-80%	Low	8
	Physical Disability	0-80%	Medium	0
	Developmental Disability	0-80%	Low	0
	Alcohol/Drug Abuse	0-80%	High	10
	HIV/AIDS	0-80%	High	15
	Victims of Domestic Violence	0-80%	High	10

9.1	**Strategy for Addressing Housing Needs**. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.** The Municipality of San Germán intends to continue addressing the needs of the community utilizing the following strategies: • Maximize the number of affordable units available to the PHA within its current resources by maintaining or increasing section 8 lease-up rates establishing payments standards that will enable families to rent throughout the jurisdiction. • Undertake measures to ensure access to affordable housing among families assisted by the PHA, regardless of unit seize required. • Increase the number of affordable housing units by applying for additional section 8 should they become available. • Seek designation of public housing for families with disabilities. • Conduct activities to affirmatively further fair housing by counseling section 8 tenants as to location of units outside of areas of poverty or minority concentration and assist them to locate those units.
10.0	**Additional Information**. Describe the following, as well as any additional information HUD has requested. (a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan. The Municipality of San Germán has achieved the following: Increase the leasing rate to 100%, and has achieved a score of 81% for a performer rate of Standard under the HUD's Section Eight Management Assessment Program (SEMAP) certification. Has been actively promoting freedom of housing choice so as to achieve spatial deconcentration of extremely low-income families within our homogeneous community. Continue with our established goal or providing improved conditions for extremely low-income families while maintaining their rent payments at an affordable level. In order to start with the Homeownership Program the Municipality has been promoting it to the tenants. While the Municipality of San Germán is pleased with what has been accomplished so far, San Germán is very much cognizant of the long road ahead so as to meet the needs of its citizens. On an ongoing basis, the Municipality continues to evaluate the goals and strategies that have been established so that it can better meet the demand of housing.

	(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification". The PHA defines a "substantial deviation" and significant amendment of modifications" as a discretionary change in the plan or policy of the PHA that fundamentally modifies the mission, goals, objectives or plans of the agency and which will require the formal approval of the Board of Commissioners. Specifically, the following will be considered to constitute a substantial deviation or significant amendment of modifications: ➢ Changes in admissions, eligibility policies with respect to the selection of applicants from the waiting list. ➢ Changes in the policies regarding the manner in which tenant's rent is calculated. An exception to this definition will be made only to the extent that the modification is the result of changes in HUD regulatory requirements; such changes will not be considered a substantial deviation or signification amendment or modification of either the Five Year or Annual Plans.
11.0	**Required Submission for HUD Field Office Review**. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office. (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights) (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only) (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only) (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only) (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only) (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations. (g) Challenged Elements (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only*)* (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only)

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information
Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory
Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type
Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia
Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan
Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan**.**

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

(a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.

(b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central off ice of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.

4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.

5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.

6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1**) development name and number; **2**) designation type; **3**) application status; **4**) date the designation was approved, submitted, or planned for submission, and; **5**) the number of units affected.

7. **Community Service and Self-Sufficiency.** A description of: (**1**) Any programs relating to services and amenities provided or offered to assisted families; (**2**) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**

8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the

appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.

10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.

11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.

12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

13. **Violence Against Women Act (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

(a) **Hope VI or Mixed Finance Modernization or Development.** **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm

(b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: **(1)** A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and **(2)** A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent **that approved and/or pending** demolition and/or disposition has changed.

(c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: **1)** A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or that the public housing agency plans to voluntarily convert; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/conversion.cfm

(d) **Homeownership**. A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.

(e) **Project-based Vouchers**. If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 **Capital Improvements.** This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 **Capital Fund Program Annual Statement/Performance and Evaluation Report.** PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

(a) To submit the initial budget for a new grant or CFFP;

(b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and

(c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;

2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and

3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 **Capital Fund Program Five-Year Action Plan**

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling

basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note:** Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note:** Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

(a) Progress in Meeting Mission and Goals. PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan**. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

(b) Significant Amendment and Substantial Deviation/Modification. PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

(c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

(a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*

(b) Form HUD-50070, *Certification for a Drug-Free Workplace* **(PHAs receiving CFP grants only)**

(c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* **(PHAs receiving CFP grants only)**

(d) Form SF-LLL, *Disclosure of Lobbying Activities* **(PHAs receiving CFP grants only)**

(e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* **(PHAs receiving CFP grants only)**

(f) Resident Advisory Board (RAB) comments.

(g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.

(h) Form HUD-50075.1**, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (Must be attached electronically for PHAs receiving CFP grants only).** See instructions in 8.1.

(i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* **(Must be attached electronically for PHAs receiving CFP grants only).** See instructions in 8.2.

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SECTION 1
STATEMENT OF POLICIES AND OBJECTIVES

General

The Section 8 Program was enacted as part of the Housing and Community Development Act of 1974, which re-codified the U.S. Housing Act of 1937. The Act has been amended from time to time, and its requirements, as they apply to the Section 8 Tenant-Based Assistance Program, is described in and implemented throughout this Administrative Plan. The Section 8 rental assistance programs are federally funded and administered by the Municipality of San Germán Housing Authority (MSGHA).

Administration of the Section 8 Program and the functions and responsibilities of the Housing Authority (MSGHA) staff shall be in compliance with MSGA's Personnel Policy and the Department of Housing and Urban Development's (HUD) Section 8 Regulations as well as all Federal, State and local Fair Housing Laws and Regulations.

Jurisdiction 24 CFR 982.353

The Municipality of San Germán has undertaken voluntary effort to provide area-wide housing opportunity for families. This effort is beyond the portability provision of the HCV Program.

It will be ultimate choice of the family to select where they will want to live. The PHA will provide assistance as well as briefing to eligible families and owners within our MSA jurisdiction which comprises the following Municipalities:

Municipality of San Germán
Municipality of Sabana Grande
Municipality of Cabo Rojo
Municipality of Lajas

We will also include into the choice of the family to select the following which are not included in our MSA jurisdiction but that are Municipality that are near to ours:

Municipality of Hormigueros
Municipality of Mayagüez

Housing Authority Mission Statement

The Municipality of San Germán Housing Authority's Mission is to promote adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination for all citizens of the Municipality of San Germán.

Program Goals [24 CFR 982.1]

MSGHA has the following goals for the program:

- To expand the supply of assisted housing and apply for any additional vouchers as they become available.
- Improve the quality of assisted housing and attain and maintain a Section 8 Management Assessment score of 90%.
- Increase assisted housing choices by providing mobility counseling to 100% of new families entering the tenant based Section 8 Program.
- Ensure equal opportunity and affirmatively further fair housing objectives through implementation of affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sex, familial status and disability.
- To provide decent, safe and sanitary housing for eligible families.
- To provide improved conditions for extremely low-income families while maintaining their rent payments at a reasonable level.

Purpose of the Plan [24 CFR 982.54]

The purpose of the Administrative Plan is to establish policies for carrying out Section 8 Housing Assistance Programs in a manner consistent with HUD requirements and local goals and objectives contained in MSGHA's Authority Plan.

MSGHA is responsible for complying with all changes in HUD regulations pertaining to these programs. If such changes conflict with this Plan, HUD regulations will have precedence.

Applicable regulations include:

- 24 CFR Part 5: General Program Requirements
- 24 CFR Part 8: Nondiscrimination
- 24 CFR Part 35: Lead Based Paint
- 24 CFR Part 100: Non-discrimination, Handicap
- 24 CFR Part 982: Section 8 Tenant-Based Assistance
- 24 CFR Part 985: SEMAP

Rules and Regulations [24 CFR 982.52]

This Administrative Plan is set forth to define MSGHA's local policies for operation of the housing programs in the context of Federal laws and regulations. Such Federal regulations, HUD Memos, Notices and guidelines, or other applicable law, governs all issues related to Section 8 not addressed in this document.

Nondiscrimination and Accessibility [24 CFR 982.54(d)(6)]

It is the policy of the Municipality of San Germán Housing Authority to comply fully with all Federal, State, and local nondiscrimination laws and with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment.

MSGHA shall not deny any family or individual the equal opportunity to apply for or receive assistance under the Section 8 Programs on the basis of race, color, sex, religion, creed, national or ethnic origin, age, familial or marital status, handicap or disability or sexual orientation.

To further its commitment to full compliance with applicable Civil Rights laws, MSGHA will provide Federal/State/local information to Voucher holders regarding unlawful discrimination and any recourse available to families who believe they are victims of a discriminatory act.

Such information will be made available during the family briefing session, and all applicable Fair Housing Information and Discrimination Complaint Forms will be made a part of the Voucher holder's briefing packet and available upon request.

The Municipality of San Germán Housing Authority shall not:

a) Deny any family the opportunity to apply for housing, nor deny any qualified applicant the opportunity to lease housing suitable to its needs;
b) Provide housing which is different from that provided others;
c) Subject a person to segregation or disparate treatment;
d) Restrict a person's access to any benefit enjoyed by others in connection with the housing program;
e) Treat a person differently in determining eligibility or other requirements for admission;
f) Deny a person access to the same level of services.

Conflict of Interest

Neither the Municipality of San Germán Housing Authority nor any of its contractors or subcontractors may enter into any contract or arrangement in connection with the tenant-based programs in which any of the following classes of persons has any interest, direct or indirect, during tenure or for one year thereafter:

1) Any present of former member or officer of the PHA (except a participant commissioner);
2) Any employee of the Municipality of San Germán Housing Authority or any contractor, subcontractor or agent of the Municipality of San Germán Housing Authority, who formulates policy or who influences decisions with respect to the programs;
3) Any public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities with respect to the programs; or
4) Any member of the Congress of the United States.

Any member of the classes described in paragraph a) of this section must disclose their interest or prospective interest to the Municipality of San Germán Housing Authority and HUD.

The conflict of interest prohibition under this section may be waived by the HUD field office for good cause.

The Municipality of San Germán Housing Authority compliance with the prohibition of solicitation or acceptance of gifts or gratuities in excess of a nominal value by an officer or employee of the Municipality of San Germán Housing Authority or any contractor subcontractor or agent of the Municipality of San Germán Housing Authority.

Addressing Barriers to Equal Housing Opportunities

Except as otherwise provided in 24 CFR 8.21(c)(1), 8.24(a), 8.25, and 8.31, no individual with disabilities shall be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination because the PHA's facilities are inaccessible to or unusable by persons with disabilities. Posters and housing information are displayed in locations throughout the PHA's office in such a manner as to be easily readable from a wheelchair.

In accordance with Section 504 and the Fair Housing amendments Act of 1988, the Municipality of San Germán Housing Authority will make reasonable accommodations to permit people with disabilities to take full advantage of the Section 8 housing programs.

Office, Facility, and Program Accessibility

MSGHA is located in a facility that is accessible to persons with a full range of disabilities.

Documents and presentations intended for use by applicants and participants will be made available in formats accessible for those with vision or hearing impairments. At the point of initial contact, the Municipality of San Germán Housing Authority staff will ask all applicants whether they need some form of communication other than plain language paperwork. Alternative forms of communication might include: sign language

interpretation, having materials explained orally by staff, either in person or by phone, large type materials, information on tape, and having someone (friend, relative or advocate) accompany the applicant to receive, interpret and explain housing materials (24 CFR § 8.6).

Staff will be trained to provide examples, verbally and in written format, of complicated concepts such as eligibility, rent computation, applicant screening, reasonable accommodations, and lease compliance to enable applicants with learning or cognitive disabilities to understand as much as possible. (24 CFR 8.6)

At a minimum the Municipality of San Germán Housing Authority will prepare the following information in clearly written and accessible formats:

a) Informational materials
b) Information about the application process
c) The application form
d) All form letters and notices to applicants and participants
e) General statement about reasonable accommodation
f) Briefing materials for applicants
g) All information related to applicant's rights

Providing Information to Applicants with Limited Comprehension

MSGHA staff will assist applicants and participants with limited written comprehension. Applicants and residents who desire to be assisted by person(s) other than MSGHA staff are welcomed to do so, however, the Municipality of San Germán Housing Authority is not required to pay this or any costs associated with this assistance.

Reasonable Accommodations (24CFR 100.202)

Reasonable accommodations shall include assistance for persons with disabilities in locating appropriate accessible units, referrals to other community agencies that provide such assistance and intervention with property owners to negotiate permission to make reasonable modifications in accordance with all provisions of the law.

A participant with a disability must first ask for a specific change to a policy or practice as an accommodation of his or her disability before MSGHA will treat a person differently than anyone else. MSGHA's practices will be designed to provide assurances that persons with disabilities will be given reasonable accommodations, upon request, so that they may fully access and utilize the housing program and related services. The availability of requesting an accommodation will be made known by including notices on forms and letters.

This policy is intended to afford persons with disabilities an equal opportunity to obtain the same result, to gain the same benefit, or to reach the same level of achievement as

those who do not have disabilities and is applicable to all situations described in this Administrative Plan including when a family initiates contact with the PHA, when the PHA initiates contact with a family including when a family applies, and when the PHA schedules or reschedules appointments of any kind.

To be eligible to request a reasonable accommodation, the requester must first certify (if apparent) or verify (if not apparent) that they are a person with a disability under the following ADA definition:

- A physical or mental impairment that substantially limits one or more of the major life activities of an individual; a record of such impairment; or being regarded as having such an impairment.

Rehabilitated former drug users and alcoholics are covered under the ADA. However, a current drug user is not covered. In accordance with 5.403(a), individuals are not considered disabled for eligibility purposes solely on the basis of any drug or alcohol dependence. Individuals whose drug or alcohol addiction is a material factor to their disability are excluded from the definition. Individuals are considered disabled if disabling mental and physical limitations would persist if drug or alcohol abuse discontinued.

Once the person's status as a qualified person with a disability is confirmed, MSGHA will require that a professional third party competent to make the assessment provides written verification that the person needs the specific accommodation due to their disability and the change is required for them to have equal access to the housing program.

Undue Burden

If MSGHA finds that the requested accommodation creates an undue administrative or financial burden, the PHA will either deny the request and/or present an alternate accommodation that will still meet the need of the person.

An undue administrative burden is one that requires a fundamental alteration of the essential functions of MSGHA (i.e., waiving a family obligation).

An undue financial burden is one that when considering the available resources of the Authority as a whole, the requested accommodation would pose a severe financial hardship on MSGHA.

MSGHA will provide a written decision to the person requesting the accommodation within a reasonable time. If a person is denied the accommodation or feels that the alternative suggestions are inadequate, they may request an informal hearing to review the PHA's decision.

Reasonable accommodation will be made for persons with a disability that requires an advocate or accessible offices. A designee will be allowed to provide some information, but only with the permission of the person with the disability.

Translation of Documents

The primary language of the Housing Authority of San Germán is Spanish and the Authority has bilingual staff to assist non-Spanish speaking families and translates documents into other languages upon request. Many standardized HUD documents are available only in English and MSGHA staff will provide verbal translations as needed.

In determining whether it is feasible to provide translation of documents into other languages, the PHA will consider the following factors:

- Number of applicants and participants in the jurisdiction who do not speak English and speak the other language.
- Availability of bi-lingual staff to provide translation for non-English speaking families.

Privacy Rights [24 CFR 982.551 and 24CFR5.212]

Applicants and participants, including all adults in their households, are required to sign the HUD 9886 Authorization for Release of Information. This document incorporates the Federal Privacy Act Statement and describes the conditions under which HUD and/or MSGHA will release family information. MSGHA will not release other information except as otherwise specifically identified in this Administrative Plan.

All applicant and participant files will be stored in a secure location, which is only accessible by authorized staff. PHA staff will not discuss family information contained in files unless there is a business reason to do so. Inappropriate discussion of family information or improper disclosure of family information by staff will result in disciplinary action.

Family Outreach

MSGHA will publicize the opening of the Section 8 Program waiting list in a newspaper of general circulation, and/or by other suitable means when there are insufficient applicants to maintain full program utilization.

To reach persons, who cannot read the newspapers, MSGHA will distribute fact sheets to the broadcasting media, and initiate personal contacts with members of community service agencies serving the populations most likely to need housing assistance.

Owner Outreach (24 CFR 982.54(d)(5)

The Municipality of San Germán Housing Authority will develop, implement and update an ongoing marketing campaign designed to consistently attract new property owners to the Section 8 Housing Assistance Program. Components of this program include but are not limited to the following activities:

- Establish and maintain a strong relationship with the Municipality of San Germán Real Estate community, participating in local real estate associations and related networking functions.

- Create and update an inventory of all multi-family apartment complexes in the Municipality of San Germán and communicate regularly with the corresponding management agents.

- Periodic advertising of programs in print and electronic media throughout the Municipality of San Germán metropolitan area.

- Courtesy inspections to assist landlords in making a determination of the work which may be needed to place a unit on the program.

MSGHA will maintain lists of available housing units submitted by owners in all neighborhoods within the Housing Authority's jurisdiction to ensure greater mobility and housing choice to very low- income households. The unit list will be provided to all applicants in their briefing packet and to program participants upon request.

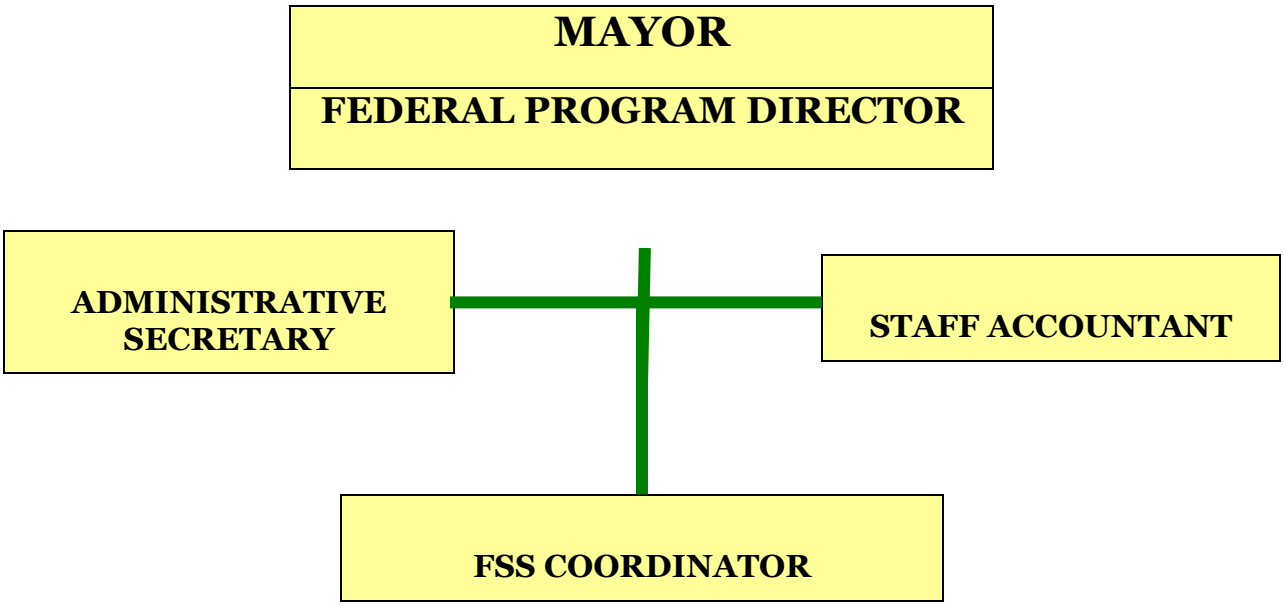
MSGHA periodically evaluates the demographic distribution of assisted families to identify areas within the jurisdiction where owner outreach should be targeted. The purpose of these activities is to provide more choices and better housing opportunities to families. Voucher holders are informed of a broad range of areas where they may lease units inside the PHA's jurisdiction and given a list of landlords or other parties who are willing to lease units or help families.

Program Staffing

With the enacting of the Quality Housing & Work Responsibility Act of 1988, the new tenant-based program, namely the Housing Choice Voucher Program affords the opportunity to expand its fiscal responsibility and the flexibility needed to manage the subsidy funds received as well as the administrative costs in an efficient manner that is in accordance with QHWRA, Section 502(b). As a result of this same merger, the staff directly involved in the administration of the Housing Program in this Municipality will be so designated in accordance with the number of units assigned to the Program as stated in the ACC between the Municipality and HUD. The organizational chart for this Municipality of San Germán is as follows:

MUNICIPALITY OF SAN GERMAN

VOUCHER CHOICE PROGRAM



SECTION 2

ELIGIBILITY FOR ADMISSION

General [24 CFR Part 5, Subparts B, D & E; Part 982, Subpart E]

This Chapter defines both HUD and MSGHA's criteria for admission and denial of admission to the program. The policy of MSGHA is to strive for objectivity and consistency in applying these criteria to evaluate the eligibility of families who apply for housing assistance. MSGHA staff will review all information provided by the family carefully and without regard to factors other than those defined in this Chapter. Families will be provided the opportunity to explain their circumstances, to additional information, if needed, and to receive an explanation of the basis for any decision made by the MSGHA pertaining to their eligibility.

Eligibility Factors (24CFR 982.201(b)

MSGHA will accept applications only from families whose head or spouse is at least 18 years of age or an emancipated minor.

To be eligible for participation in the Section 8 Housing Assistance Program, an applicant must meet the following criteria established by HUD:

- An applicant must be a "family",
- An applicant must be within the applicable Income Limits
- An applicant must Social Security Numbers for all family members age six and older
- An applicant must declaration of Citizenship or Eligible Immigrant Status and at least one member of the applicant family must be either a U.S. citizen or have eligible immigration status.
- If the applicant is a victim of domestic violence, dating violence, or stalking, 24 CFR part 5, subpart L, applies.

Placement on Waiting List

The Family's initial eligibility for placement on the waiting list will be made in accordance with the eligibility factors identified above.

Reasons for denial of placement on the waiting list or denial of admission are addressed in the "Denial or Termination of Assistance" further in this Administrative Plan. These reasons for denial constitute additional admission criteria.

Family Composition [24 CFR 982.201 (c)]

The applicant must qualify as a family as follows:

1. One or more persons sharing residency, whose income and resources are available to meet the family's needs who may not be related by blood, marriage or operation of law.

2. A single person family may be: an elderly person; a displaced person; a disabled person; or any other single person.

3. A remaining household member who is a member of an assisted household whose original head/spouse is no longer living in the rental unit. Such remaining household members must have been listed on the most recent HUD 50058 and lease must be of legal age and must be able to carry out the terms of the lease and family obligations. A live-in aid is not a remaining family member. (A household member for whom a subsidy was not paid because the household member did not have eligible citizenship status will not be considered a remaining household member).

Children in Foster Care

A child who is temporarily away from home because of placement in foster care is considered a member of the family. This provision only pertains to the foster child's temporary absence from the home, and is not intended to artificially enlarge the space available for other family members.

Head of Household

The head of household is the adult member of the household who is designated by the family as head, is wholly or partly responsible for paying the rent, and has the legal capacity to enter into a lease under State/local law.

Co-Head

The co-head of the household is any adult individual designated by the household, who is equally responsible for the lease with the Head of Household. A family may have a spouse or co-head, but not both. A co-head never qualifies as a dependent.

Live-in Attendants

A Family may include a live-in aide provided that such live-in aide:

- Is determined by MSGHA to be essential to the care and well being of an elderly person, a near-elderly person, or a person with disabilities,
- Is not obligated for the support of the person(s), and
- Would not be living in the unit except to provide care for the person(s).

The following distinct provisions apply to a live-in aide:

- Income of the live-in aide will not be counted for purposes of determining eligibility or amount of housing assistance.
- Live-in aides are not subject to Non-Citizen Rule requirements.
- Live-in aides are not considered as a remaining member of the participant family and are therefore not entitled to any continued housing assistance if the household member they were aiding no longer participates in the program.

Relatives are not automatically excluded from being live-in aides, but they must meet all of the elements in the live-in aide definition described above.

A Live in Aide may only reside in the unit with the approval of the PHA. Written verification will be required from a reliable, knowledgeable professional, such as a doctor, social worker, or caseworker. The verification provider must certify that a live-in aide is needed for the care of the family member as described above. Verification must include the hours the care will be provided.

At any time, the PHA will refuse to approve a particular person as a live-in aide or may withdraw such approval if:

- The person commits fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program;
- The person commits drug-related criminal activity or violent criminal activity; or
- The person currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act.

Split Households Prior to Voucher Issuance

When a family on the waiting list splits into two otherwise eligible families due to divorce or legal separation, and the new families both claim the same placement on the waiting list, and there is no court determination, MSGHA will determine the family unit that retains the children as the applicant family. If there are no children, MSGHA will require the applicants to jointly agree to the continued applicant or solicit a court decision.

Documentation of these factors is the responsibility of the applicant families. If either or both of the families do not provide appropriate documentation, they will be denied continued placement on the waiting list for failure to supply information requested by the PHA.

Multi-generational Families

Families applying for assistance, which consist of two or more generations living together, (such as a mother, and a daughter with her own children), will be treated as a single-family unit and will be entitled to only one housing voucher for assistance.

Joint Custody of Children

Children who are subject to a joint custody agreement but live with one parent at least 51% of the time will be considered members of the household. "51% of the time" is defined as 183 days of the year, which do not have to run consecutively. Legal documentation must be provided for families who claim joint custody or temporary guardianship.

Income Limitations [24 CFR 982.201(b), 982.353]

The following income restriction provisions apply to applicants for admission to the Section 8 Housing Assistance Programs:

- An applicant must be a very low-income family, which is defined as a family whose annual income does not exceed 50% of the area median income.
- Applicants in excess of the very low-income limits but within the low income limits (80% of the area median income) will only be admitted based on the following criteria:
    - A low-income family that is continuously assisted under the 1937 Housing Act. An applicant is continuously assisted if the family has received assistance under any 1937 Housing Act program within 120 days of voucher issuance.
    - A low-income family displaced by rental rehabilitation activity under 24CFR part 511.
    - A low-income non-purchasing family residing in a project subject to homeownership program under 24CFR 248.173.
    - A low-income or moderate-income family that is displaced as a result of a prepayment of a mortgage or voluntary termination of mortgage insurance contracts under 24 CFR 248.165.
    - A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a project subject to a resident home ownership program.
- To determine if the family is income-eligible, MSGHA will compare the Annual Income of the family to the applicable income limit for the family's size.

- Families whose Annual Income exceeds the income limit will be denied admission and offered an informal review.
- Families using portability must be within MSGHA's applicable income limits at the time of initial lease up in MSGHA's jurisdiction.
- 75% of all newly admitted applicants must fall within 30% of the area median income.

Disclosure and verification of Social Security and Employer Identification Numbers 24 CFR 5.216

The requirements of this section apply to applicants and participants as described in this section, except that this section is inapplicable to individuals who do not contend eligible immigration status under subpart E of this part (see Sec. 5.508).

Disclosure required of assistance applicants

Each assistance applicant must submit the following information to the processing entity when the assistance applicant's eligibility under the program involved is being determined.

(1) The complete and accurate SSN assigned to the assistance applicant and to each member of the assistance applicant's household; and
(2) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

Disclosure required of participants

1. Initial disclosure.

(i) Each participant, except those ages 62 or older as of January 31, 2010, whose initial determination of eligibility was begun before January 31, 2010, must submit the information described in paragraph (e)(1)(ii) of this section, if the participant has:

(A) Not previously disclosed a SSN;
(B) Previously disclosed a SSN that HUD or the SSA determined was invalid; or
(C) Been issued a new SSN.

(ii) Each participant subject to the disclosure requirements under paragraph (e)(1)(i) of this section must submit the following information to the processing entity at the next interim or regularly scheduled reexamination or recertification of family composition or income, or other reexamination or recertification for the program involved:

(A) The complete and accurate SSN assigned to the participant and to each member of the participant's household; and
(B) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

2. Subsequent disclosure.

Once a participant has disclosed and the processing entity has verified each SSN, the following rules apply:

I. Addition of new household member who is at least 6 years of age or under the age of 6 and has an assigned SSN. When the participant requests to add a new household member who is at least 6 years of age, or is under the age of 6 and has an assigned SSN, the participant must provide the following to the processing entity at the time of the request, or at the time of processing the interim reexamination or recertification of family composition that includes the new member(s):

(A) The complete and accurate SSN assigned to each new member; and
(B) The documentation referred to in paragraph (g)(1) of this section to verify the SSN for each new member.

II. Addition of new household member who is under the age of 6 and has no assigned SSN.

(A) When a participant requests to add a new household member who is under the age of 6 and has not been assigned a SSN, the participant shall be required to provide the complete and accurate SSN assigned to each new child and the documentation referred to in paragraph (g)(1) of this section to verify the SSN for each new child within 90 calendar days of the child being added to the household.

(B) The processing entity shall grant an extension of one additional 90-day period if the processing entity, in its discretion, determines that the participant's failure to comply was due to circumstances that could not have reasonably been foreseen and were outside the control of the participant. During the period that the processing entity is awaiting documentation of a SSN, the processing entity shall include the child as part of the assisted household and the child shall be entitled to all the benefits of being a household member. If, upon expiration of the provided time period, the participant fails to produce a SSN, the processing entity shall follow the provisions of Sec. 5.218.

III. Assignment of new SSN. If the participant or any member of the participant's household has been assigned a new SSN, the participant must submit the following to the processing entity at either the time of receipt of

the new SSN; at the next interim or regularly scheduled reexamination or recertification of family composition or income, or other reexamination or recertification; or at such earlier time specified by the processing entity:

(A) The complete and accurate SSN assigned to the participant or household member involved; and

(B) The documentation referred to in paragraph (g)(1) of this section to verify the SSN of each individual.

Penalties for failing to disclose and verify Social Security and Employer Identification Numbers Sec. 5.218

(a) Denial of eligibility of assistance applicants and individual owner applicants. The processing entity must deny the eligibility of an assistance applicant or individual owner applicant in accordance with the provisions governing the program involved, if the assistance or individual owner applicant does not meet the applicable SSN disclosure, documentation, and verification requirements as specified in Sec. 5.216.

(b) Denial of eligibility of entity applicants. The processing entity must deny the eligibility of an entity applicant in accordance with the provisions governing the program involved; if:

(1) The entity applicant does not meet the EIN disclosure, documentation, and verification requirements specified in Sec. 5.216; or
(2) Any of the officials of the entity applicant referred to in Sec. 5.216(d) does not meet the applicable SSN disclosure, and documentation and verification requirements specified in Sec. 5.216.

(c) Termination of assistance or termination of tenancy of participants.

(1) The processing entity must terminate the assistance or terminate the tenancy, or both, of a participant and the participant's household, in accordance with the provisions governing the program involved, if the participant does not meet the applicable SSN disclosure, documentation, and verification requirements specified in Sec. 5.216.

(2) The processing entity may defer termination and provide the participant with an additional 90 calendar days to disclose a SSN, but only if the processing entity, in its discretion, determines that:

(i) The failure to meet these requirements was due to circumstances that could not have reasonably been foreseen and were outside the control of the participant; and
(ii) There is a reasonable likelihood that the participant will be able to disclose a SSN by the deadline.

(3) Failure of the participant to disclose a SSN by the deadline specified in paragraph (c)(2) of this section will result in termination of the assistance or tenancy, or both, of the participant and the participant's household.

Citizenship/Eligible Immigration Status [24 CFR Part 5, Subpart E]

An applicant must declaration of Citizenship or Eligible Immigrant Status and at least one member of the applicant family must be either a U.S. citizen or have eligible immigration status.

In order to receive assistance, a family member must be a U.S. citizen or eligible immigrant. Eligible immigrants are persons who are in one of the immigrant categories as specified by HUD. The status of each member of the family is considered individually before the family's status is defined as follows:

- **Mixed Families** - A family is eligible for assistance as long as at least one member is a citizen or eligible immigrant. Families that include eligible and ineligible individuals are called "mixed." Assistance to such applicant families will be prorated and applicants will be notified accordingly.
- **All members Ineligible -** Applicant families that include no eligible members are not eligible for assistance. Such families will be denied admission.
- **Non-citizen students**- Defined by HUD in the non-citizen regulations and not eligible for assistance.

Applicants are entitled to a hearing for denial of placement on the waiting list or denial of assistance if such denial is based on the immigration status criteria described above.

Denial of admission and termination of assistance for criminals and alcohol abusers 24 CFR 982.552

(a) Action or inaction by family

(1) At any time a PHA may deny assistance for an applicant or terminate assistance for a participant under the programs because of the family's action or failure to act as described in this section or Sec. 982.553. The provisions of this section do not affect denial or termination of assistance for grounds other than action or failure to act by the family.

(2) Denial of assistance for an applicant may include any or all of the following: denying listing on the PHA waiting list, denying or withdrawing a voucher, refusing to enter into a HAP contract or approve a lease, and refusing to process or provide assistance under portability procedures.

(3) Termination of assistance for a participant may include any or all of the following: refusing to enter into a HAP contract or approve a lease, terminating housing assistance payments under an outstanding HAP contract, and refusing to process or provide assistance under portability procedures.

(4) This section does not limit or affect exercise of the PHA rights and remedies against the owner under the HAP contract, including termination, suspension or reduction of housing assistance payments, or termination of the HAP contract.

(b) Requirement to deny admission or terminate assistance

(1) For provisions on denial of admission and termination of assistance for illegal drug use, other criminal activity, and alcohol abuse that would threaten other residents, see Sec. 982.553.

(2) The PHA must terminate program assistance for a family evicted from housing assisted under the program for serious violation of the lease.

(3) The PHA must deny admission to the program for an applicant, or terminate program assistance for a participant, if any member of the family fails to sign and submit consent forms for obtaining information in accordance with part 5, subparts B and F of this title.

(4) The family must submit required evidence of citizenship or eligible immigration status. See part 5 of this title for a statement of circumstances in which the PHA must deny admission or terminate program assistance because a family member does not establish citizenship or eligible immigration status, and the applicable informal hearing procedures.

(5) The PHA must deny or terminate assistance if any family member fails to meet the eligibility requirements concerning individuals enrolled at an institution of higher education as specified in 24 CFR 5.612.

(c) Authority to deny admission or terminate assistance

(1) Grounds for denial or termination of assistance. The PHA may at any time deny program assistance for an applicant, or terminate program assistance for a participant, for any of the following grounds:

(i) If the family violates any family obligations under the program for 3 years prior to final eligibility determination (see Sec. 982.551). See Sec. 982.553 concerning denial or termination of assistance for crime by family members.

(ii) If any member of the family has been evicted from federally assisted housing in the last five years;

(iii) If a PHA has ever terminated assistance under the program for any

member of the family for 3 years prior to final eligibility determination.

(iv) If any member of the family has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program (see also Sec. 982.553(a)(1)) within the last 3 years prior to final eligibility from the offense.

(v) If the family currently owes rent or other amounts to the PHA or to another PHA in connection with Section 8 or public housing assistance under the 1937 Act it must be paid completely.

(vi) If the family has not reimbursed any PHA for amounts paid to an owner under a HAP contract for rent, or other amounts owed by the family under the lease.

(vii) If the family breaches an agreement with the PHA to pay amounts owed to a PHA, or amounts paid to an owner by a PHA. (The PHA, at its discretion, may offer a family the opportunity to enter an agreement to pay amounts owed to a PHA or amounts paid to an owner by a PHA. The PHA may prescribe the terms of the agreement.)

(viii) If a family participating in the FSS program fails to comply, without good cause, with the family's FSS contract of participation.

(ix) If the family has engaged in or threatened abusive or violent behavior toward PHA personnel.

(x) If a welfare-to-work (WTW) family fails, willfully and persistently, to fulfill its obligations under the welfare-to-work voucher program.

(xi) If the family has been engaged in criminal activity or alcohol abuse as described in Sec. 982.553.

(2) Consideration of circumstances. In determining whether to deny or terminate assistance because of action or failure to act by members of the family:

(i) The PHA may consider all relevant circumstances such as the seriousness of the case, the extent of participation or culpability of individual family members, mitigating circumstances related to the disability of a family member, and the effects of denial or termination of assistance on other family members who were not involved in the action or failure.

(ii) The PHA may impose, as a condition of continued assistance for other family members, a requirement that other family members who participated in or were culpable for the action or failure will not reside in the unit. The PHA may permit the other members of a participant family to continue receiving assistance.

(iii) In determining whether to deny admission or terminate assistance for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the PHA consider whether such household member is participating in or

has successfully completed a supervised drug or alcohol rehabilitation program, or has otherwise been rehabilitated successfully (42 U.S.C. 13661). For this purpose, the PHA may require the applicant or tenant to submit evidence of the household member's current participation in, or successful completion of, a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

(iv) If the family includes a person with disabilities, the PHA decision concerning such action is subject to consideration of reasonable accommodation in accordance with part 8 of this title.

(v) Nondiscrimination limitation and protection for victims of domestic violence.

The PHA's admission and termination will be in consistent with fair housing and equal opportunity provisions of Sec. 5.105 of this title, and with the requirements of 24 CFR part 5, subpart L, protection for victims of domestic violence, dating violence, and stalking.

(d) Information for family. The PHA will give the family a written description of:

(1) Family obligations under the program.
(2) The grounds on which the PHA may deny or terminate assistance because of family action or failure to act.
(3) The PHA informal hearing procedures.

(e) Applicant screening.

The PHA may at any time deny program assistance for an applicant in accordance with the PHA policy, as stated in the PHA administrative plan, on screening of applicants for family behavior or suitability for tenancy.

Tenant Screening [24 CFR 982.307)]

MSGHA will screen the applicant household for family behavior or suitability of tenancy. However the MSGHA has no liability or responsibility to the owner or other persons for the family's behavior or suitability for tenancy.

At or before MSGHA's approval of the tenancy, MSGHA will inform the owner that screening and selection for tenancy is there responsibility.

In accordance with 24 CFR 982.307(a)(3), the owner is responsible for screening of families based on their tenancy histories, the owner may consider a family's background with respect to such factors as:

- Payment of rent and utility bills;

- Caring for a unit and premises;
- Respecting the rights of other residents to the peaceful enjoyment of their housing;
- Drug-related criminal activity or other criminal activity that is a threat to the health, safety or property of others; and
- Compliance with other essential conditions of tenancy.

MSGHA will advise and assist families if they feel that the screening criteria applied by an owner violate any basic Fair Housing Rights of the family. MSGHA will make referrals to the local Fair Housing Authority and/or the appropriate HUD office.

PHA information about tenant 24 CFR 982.307(b)

(1) The PHA must give the owner:
(i) The family's current and prior address (as shown in the PHA records); and
(ii) The name and address (if known to the PHA) of the landlord at the family's current and prior address.

(2) When a family wants to lease a dwelling unit, the PHA may offer the owner other information in the PHA possession, about the family, including information about the tenancy history of family members, or about drug-trafficking by family members.

(3) The PHA will give the family a statement of the PHA policy on providing information to owners. The statement must be included in the information packet that is given to a family selected to participate in the program. The PHA policy must provide that the PHA will give the same types of information to all families and to all owners.

(4) In cases involving a victim of domestic violence, dating violence, and stalking, 24 CFR part 5, subpart L, applies.

Changes in Eligibility Prior to Effective Date of the Contract

Admission to the Section 8 Program occurs at the time that an initial Housing Assistance Payments contract is executed with an owner for an eligible unit. Prior to that time, a family is considered an applicant. After execution of the HAP contract, a family is considered a participant. Therefore, changes that occur during the period between issuance of a voucher and lease up may affect the family's eligibility.

Ineligible Families

Families who are determined to be ineligible will be notified in writing of the reason for this determination and given an opportunity to request an informal review (or an

informal hearing if they were denied due to non-citizen status) as discussed further in this Administrative Plan.

THE FOLLOWING SECTION APPLIES TO FAMILY UNIFICATION PROGRAM ONLY

Definitions: The following definitions apply to the funding authority available under this funding announcement.

1. The terms "FUP-eligible family" and "FUP-eligible youth"
   a. Are defined as:

      (1) A FUP-eligible family is a family that the public child welfare agency (PCWA) has certified as a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child, or children, in out-of-home care, or in the delay of discharge of a child, or children, to the family from out-of-home care, and that the PHA has determined is eligible for a HCV.

      (2) A FUP-eligible youth is a youth that the PCWA has certified to be at least 18 years old and not more than 21 years old (has not reached his/her 22nd birthday) who left foster care at age 16 or older and who does not have adequate housing, and that the PHA has determined is eligible for a HCV.

2. Lack of Adequate Housing
   a. The lack of adequate housing means:

      (1) A family or youth is living in substandard or dilapidated housing; or
      (2) A family or youth is homeless; or
      (3) A family or youth is displaced by domestic violence; or
      (4) A family or youth is living in an overcrowded unit; or
      (5) A family or youth is living in housing not accessible to its disabled child or children due to the nature of the disability.

3. Substandard Housing
   a. A family or youth is living in substandard housing if the unit where the family or youth lives:
      (1) Is dilapidated;
      (2) Does not have operable indoor plumbing;
      (3) Does not have a usable flush toilet inside the unit for the exclusive use of a family or youth;
      (4) Does not have a usable bathtub or shower inside the unit for the exclusive use of a family or youth;
      (5) Does not have electricity, or has inadequate or unsafe electrical service;
      (6) Does not have a safe or adequate source of heat;
      (7) Should, but does not, have a kitchen; or

(8) Has been declared unfit for habitation by an agency or unit of government.

4. Dilapidated Housing

a. Dilapidated housing means:

(1) A family or youth is living in a housing unit that is dilapidated if the unit where the family or youth lives does not provide safe and adequate shelter, and in its present condition endangers the health, safety, or wellbeing of a family or youth, or the unit has one or more critical defects, or a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding. The defects may result from original construction, from continued neglect or lack of repair or from serious damage to the structure.

5. Homeless

a. A homeless family includes any person (including a youth) or family that:

(1) Lacks a fixed, regular, and adequate nighttime residence; and

(2) Has a primary nighttime residence that is:

(a) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing);

(b) An institution that provides a temporary residence for persons intended to be institutionalized; or

(c) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

6. Displaced by Domestic Violence

a. A family or youth is displaced by domestic violence if:

(1) The applicant has vacated a housing unit because of domestic violence; or

(2) The applicant lives in a housing unit with a person who engages in domestic violence.

(3) "Domestic violence" means felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

7. Living in Overcrowded Housing

a. A family or youth is considered to be living in an overcrowded unit if it meets the following separate criteria for a family or youth as follows:

(1) The family is separated from its child (or children) and the parent(s) are living in an otherwise standard housing unit, but, after the family is re-united, the parents' housing unit would be overcrowded for the entire family and would be considered substandard; or

(2) The family is living with its child (or children) in a unit that is overcrowded for the entire family and this overcrowded condition may result in the imminent

placement of its child (or children) in out-of-home care.
(3) The youth is living in a unit that is overcrowded.

For purposes of the above paragraph, the PHA may determine whether the unit is "overcrowded" in accordance with PHA subsidy standards.

8. Detained Family Member
   a. FUP-eligible family or FUP-eligible youth's family may not include:
      (1) Person imprisoned or otherwise detained pursuant to an Act of the Congress or State law.

9. Public Child Welfare Agency (PCWA)
   a. The PCWA means:
      (1) The public agency that is responsible under applicable State law for determining that a child is at imminent risk of placement in out-of home care or that a child in out-of-home care under the supervision of the public agency may be returned to his or her family, or that a youth left foster care at age 16 or older and is at least 18 years old and not more than 21 years old.

SECTION 3
APPLYING FOR ADMISSION

General [24 CFR 982.204]

The policy of MSGHA is to ensure that all families who express an interest in housing assistance are given an equal opportunity to apply, and are treated in a fair and consistent manner. This Chapter describes the policies and procedures for completing an initial application for assistance, placement and denial of placement on the waiting list, and limitations on who may apply. The primary purpose of the intake function is to gather information about the family, but MSGHA will also utilize this process to provide information to the family so that an accurate and timely decision of eligibility can be made. Applicants will be pulled from the waiting list in accordance with this Plan.

Opening and Closing the Waiting List

The Municipality of San Germán Housing Authority will open the waiting list at periodic intervals as determined based on need to assure that an adequate pool of application is available to maintain full program utilization and assist the maximum number of families based on available program funding.

When MSGHA determines that the waiting list should be opened, a notice will be published in a local newspaper of general circulation and in any other suitable media. The notice will state the limitations on who may apply for any available slots and provide information on where and when families may apply for the program. MSGHA may determine that applications will only be accepted from families who qualify for specific preferences under the local preference criteria stated further in this plan.

The PHA may open the waiting list for a specific time period or may choose to accept applications on certain days and times. The public notice will specify the time period in which applications will be accepted. Under no circumstances will applications be accepted when the waiting list is closed unless the public notice indicates that MSGHA will continuously accept applications for specific identified preferences.

Local Preferences [CFR982.207]

The Municipality of San Germán shall utilize local preferences in the selection of applicants from the waiting list.

Preferences shall be ranked in the order listed below.

A) The following preferences are considered equal and applicants with one or more of these preferences shall be ranked highest on the waiting list and shall be selected prior to other applicants on the waiting list. Applicants that qualify to any of the following preferences shall receive priority #1.

1. Natural Disaster – An applicant that has totally lost o partially lost their home due to a natural disaster.

2. Families with threats of separation of their children or families who are able to reunite – An applicant whose family with threat to break up due to removal of young children by the State Family Department due to not having a decent house or families that will be united by the return of children but do not have decent housing.

   - ✓ Family Unification Program(for FUP Only) – Families for whom lack of adequate housing is a primary factor in the imminent placement of the family's child, or children, in out-of home care; or the delay in the discharge of the child, or children, to the family from out-of-home care. Youths at least 18 years old and not more than 21 years old who left foster care at age 16 or older and who do not have adequate housing are also eligible to receive housing assistance under the FUP.

3. Victims of Domestic Violence – An applicant vacated a unit because of domestic violence or the applicant currently resides in a unit with a person who engages in domestic violence. Domestic violence is the actual or threatened violence toward members of the household by a spouse or other member of the household. The domestic violence must be of a continuing nature and the applicant must certify that the person engaging in domestic violence will not reside with the applicant family.

4. Persons with Disabilities and/or elderly – An applicant whose head, co-head or sole member is a person with disabilities: inability to engage in any substantial gainful activity by reason of any medically determinable physically or mental impairment which is expected to last for a continuous period of not less than 12 months. An applicant in whom the head, co-head or sole member is age 62 or older single elderly person or spouse.

B) <u>Applicants that qualify to any of the following preferences shall receive priority #2 and shall be selected only when all applications with priority #1 have been exhausted.</u>

1- Involuntary Displacement – An applicant has been involuntarily displaced and is not currently living in standard replacement housing. Applicants shall be considered involuntarily displaced if they have vacated or must vacate their unit as a result of a disaster; governmental action; action by an owner that is beyond the applicant's ability to prevent; or a family member has mobility or other impairment that makes them unable to utilize the critical elements of the unit, and/or Persons or families paying 50% of income for rent – An applicant is paying 50% or more of their income for rent.

2- Homeless Households or persons or family living inadequate conditions – An applicant who lacks a fixed, regular and adequate nighttime residence and has a primary nighttime residence that is a supervised shelter that provides temporary living accommodations; an institution that provides temporary residence; or a public or private place not designated or normally used as a regular sleeping place for humans. Persons or families living in an inadequate housing.

Selection in the Family Unification Program (FUP)

All eligible families and youth referred from the Public Child Welfare Agency will be appropriately placed on the HCV waiting list in the order of first-come, first-served.

Date and Time of Application

All applicants within each designated preference category described above will be further ranked by date and time of application. Applicants will be selected based on the preference category and priority in the order stated above and the date and time of application within that category. Applicants will not be selected from a subsequent category until all applicants in the higher ranked category have been exhausted.

Application Process

The application process will consist of a formal application. The application requests adequate information for placement on the waiting list and provides for applicant certification of any preference claimed. Applicants will be placed on the waiting list based on the preference, date and time of application. The formal application will be completed at the time of the application interview as described below.

Applicant Status While On Waiting List [CFR 982.204]

Applicants will be informed of the available local preferences at the time of application and may claim a preference through signed certification on the ~~pre-~~application form. Preferences will not be verified at the time of pre-application.

If an applicant is determined to be ineligible based on the information provided on the pre-application, MSGHA will notify the family in writing (in an accessible format upon request as a reasonable accommodation), state the reason(s), and inform them of their right to an informal review.

Applicants are required to inform MSGHA in writing of changes in address. Applicants are also required to respond to requests from MSGHA to update information on their application and to determine their continued interest in assistance.

Time of Selection [24 CFR 982.204]

As vouchers are available, families will be selected from the waiting list strictly in the order of preferences and priority as described above. At that time, any preference claimed by the applicant shall be verified.

Quality Control Procedure

As soon as the family is selected, we will be verifying in the waiting list that the person is at the top of the list. And then the voucher will be issued.

Requirement to Attend Interview

MSGHA will require the applicant household to attend an interview once they have been pulled from the waiting list. MSGHA utilizes the full application interview to discuss the family's circumstances in greater detail, to clarify information, which has been provided by the family, and to ensure that the information is complete. The interview is also used as a vehicle to meet the informational needs of the family by providing information about the application and verification process, as well as to advise the family of other PHA services or programs, which may be available.

All adult family members are required to attend the interview and sign the housing application. Exceptions may be made for students attending school out of state or for members for whom attendance would be a hardship unless such members are the head or co-head of the household.

Applicants who fail to appear and want to reschedule a missed appointment must make the request to reschedule no later than ten (10) days from the original appointment date. The request must be made to the staff person who scheduled the appointment. Failure to do so will result in rejection of the application.

Reasonable accommodation will be made for persons with a disability who require an advocate or accessible offices. A designee will be allowed to participate in the interview process, but only with permission of the person with a disability.

If an application is denied due to failure to attend the full application interview, the applicant will be notified in writing and offered an opportunity to request an informal review.

All adult members must sign the HUD Form 9886, Release of Information; the application form; the declarations and consents related to citizenship/immigration status; and any other documents required by MSGHA. Applicants will be required to sign specific verification forms for information, which is not covered, by the HUD form 9886. Failure to sign any consent forms will be cause for denial of the application for failure to provide necessary certifications and release as required by the PHA.

If the PHA determines at or after the interview that additional information or document(s) are needed, the PHA will request the document(s) or information in writing**.** The family will be given ten (10) days to supply the information. If the information is not supplied in this time period, the PHA will provide the family a notification of denial for assistance.

Verification [24 CFR 982.201(e)]

Information provided by the applicant will be verified, using the verification procedures found further in this Plan. Family composition, income, allowances and deductions, assets, full-time student status, eligibility and rent calculation factors, and other pertinent information will be verified. Verifications may not be more than 90 days old at the time of issuance of the Voucher.

Final Determination and Notification of Eligibility [24 CFR 982.201]

After the verification process is completed, the PHA will make a final determination of eligibility. This decision is based upon information provided by the family, the verification completed by the PHA, and the current eligibility criteria in effect. If the family is determined to be eligible, the PHA will mail a notification of eligibility. A briefing will be scheduled for the issuance of a voucher and the family's orientation to the housing program.

SECTION 4
MANAGING THE WAITING LIST

General [24 CFR Part 5, subpart D; 982.54 (d)(1); 982.205, 982.206]

It is MSGHA's objective to ensure that families are selected from the waiting list for admissions in accordance with the policies in this Administrative Plan. By maintaining an accurate waiting list, MSGHA will ensure that an adequate list of qualified applicants will be available so that program funds are used in a timely manner.

Waiting List [24 CFR 982.204]

MSGHA will maintain four waiting lists for the Section 8 Programs as follows:

1. Housing Choice Vouchers
2. Section 8 Homeownership
3. Family Unification Program
4. Housing Opportunity for People With Aids (HOPWA)

Applicants will be selected from the waiting lists in accordance with policies and income targeting requirements defined in this Administrative Plan. Applicants may apply for one or more programs in accordance with the criteria defined for each program.

MSGHA will maintain information that permits proper selection from the waiting list. The waiting list contains the following information for each applicant listed:

- Numerical order;
- Date and time of application;
- Applicant name, address and other contact information;
- Family unit size (number of bedrooms family qualifies for under PHA subsidy standards);
- Racial or ethnic designation of the head of household;
- Elderly;
- Families with children;
- Immigration status;
- Preference and any other admission criteria needed to determine eligibility.

Family Unification Program(ONLY)

The applicants will be selected on a first-on, first-served manner.

Special Admissions [24 CFR 982.54(d)(e), 982.203]

Certain vouchers were received as the result of a special funding for targeted groups of households. MSGHA will admit these families under a Special Admission procedure.

Special admissions families will be admitted outside of the regular waiting list process and they are not required to be on the program waiting list. MSGHA will maintain separate records of these admissions.

The following are examples of types of program funding that are designated as special admissions:

- Vouchers received for demolition or disposition of a public housing project;
- Vouchers received for multifamily rental housing projects when HUD sells, foreclosures or demolishes the project;
- Vouchers received for "opt-out" of FHA insured multi-family projects;
- Project-based Section 8 HAP contracts at or near the end of the HAP contract term that convert to tenant based vouchers;

Targeted Funding (24 CFR 982.203)

Special programs have been developed under the Housing Choice Voucher Program to service certain family types or certain family situations. Most of these programs require that MSGHA partner with a service agency in the community that provides supportive service to the particular family type. When HUD grants funding under these programs, families who meet the qualifications of the program and are referred through the partner agency will be placed on the regular waiting list with a designated code for each special program type. These families will then be selected in order from the waiting list.

MSGHA will continue to receive referrals from partner agencies until all designated vouchers have been utilized. Upon 100% utilization, MSGHA will request that the partner agencies suspend additional referrals until such time that any of the original designated vouchers are turned over and again become available for issuance to applicants. At that time, MSGHA will contact the appropriate partner agency and advise them of the availability of the targeted voucher and a referral will be accepted accordingly.

The provisions for targeted funding identified herein apply to any future programs to be so designated by HUD.

Income Targeting

In accordance with the Quality Housing and Work Responsibility Act of 1998, each fiscal year MSGHA will reserve a minimum of seventy-five percent of its Section 8 new admissions for "extremely low income households" who are defined as families whose income does not exceed 30 percent of the area median income.

Income targeting does not apply to low-income families continuously assisted as provided for under the 1937 Housing Act or to assistance to low income or moderate-income families entitled to preservation assistance under the tenant-based program as a result of a mortgage prepayment or opt-out.

Removal from Waiting List and Purging [24 CFR 982.204(c)]

The waiting list will be purged periodically to ensure that it remains current and accurate. A notice of continued interest will be mailed to all applicants requesting a response within 15 days. If they fail to respond within fifteen (15) business days, they will be removed from the waiting list.

If a letter is returned by the Post Office without a forwarding address, the MSGHA staff will verify the mailing address in the file, if the address is incorrect a new letter will be mailed following the procedure stated above, if it is correct the applicant will be removed without further notice, and the envelope and letter will be maintained in the file.

SECTION 5
SUBSIDY STANDARDS

General [24 CFR 982.54(d)(9)]

HUD guidelines require that MSGHA establish subsidy standards for the determination of family unit size, and that such standards provide for a minimum commitment of subsidy while avoiding overcrowding. The standards used for the unit size selected by the family must be within the minimum unit size requirements of HUD's Housing Quality Standards. This Chapter explains the subsidy standards, which will be used to determine the voucher size to be issued to families when they are selected from the waiting list, as well as the procedures when a family composition changes, or a family selects a unit size that is different from the size of the voucher.

Determining Voucher Size [24 CFR 982.402]

The subsidy standards for determining voucher size shall be applied in a manner consistent with Fair Housing guidelines. The standards in this section relate to the number of bedrooms on which subsidy will be paid, not the family's actual living arrangements. The following basic principles will prevail when applying subsidy standards:

- No determination will be made regarding who shares a bedroom or sleeping room;
- One bedroom will be generally assigned for each two members of the family;
- Space will be provided for a child who is away at school but who lives with the family during school recesses.
- Space will not be provided for a family member, other than a spouse, who will be absent most of the time, such as a member who is away in the military, if not in the lease.
- A single pregnant woman with no other family members will be treated as a two-person family.
- Single person families shall be allocated one bedroom.
- The subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding.
- A child who is temporarily away from the home because of placement in foster care is considered a member of the family in determining the family unit size.

- Any live-in aide (approved by the PHA to reside in the unit to care for a family member who is disabled or is at least 50 years of age) must be counted in determining the family unit size;

- Unless a live-in-aide resides with the family, the family unit size for any family consisting of a single person must be either a zero or one-bedroom unit, as determined under the PHA subsidy standards.

- The PHA may grant an exception to its established subsidy standards if the PHA determines that the exception is justified by the age, sex, health, handicap, or relationship of family members or other personal circumstances. (For a single person other than a disabled or elderly person or remaining family member, such PHA exception may not override the limitation in bullet above in this section.)

Effect of family unit size-maximum subsidy in voucher program.

The family unit size as determined for a family under the PHA subsidy standard is used to determine the maximum rent subsidy for a family assisted in the voucher program. For a voucher tenancy, the PHA establishes payment standards by number of bedrooms. The payment standard for a family shall be the lower of:

(1) The payment standard amount for the family unit size; or
(2) The payment standard amount for the unit size of the unit rented by the family.
(3) Voucher program. For a voucher tenancy, the PHA establishes payment standards by number of bedrooms. The payment standards for the family must be the lower of:
(i) The payment standards for the family unit size; or
(ii) The payment standard for the unit size rented by the family.

Size of unit occupied by family

(1) The family may lease an otherwise acceptable dwelling unit with fewer bedrooms than the family unit size. However, the dwelling unit must meet the applicable HQS space requirements.

(2) The family may lease an otherwise acceptable dwelling unit with more bedrooms than the family unit size.

Guidelines for Issuance of Vouchers

The voucher size issued will generally be based on the following guidelines taking into consideration the subsidy standards described above.

Voucher Size	Minimum Number of Household Members	Maximum Number of Household Members
0	1	2
1	1	3
2	2	6
3	3	8
4	4	10
5	5	12
6	6	14

Exceptions To Subsidy Standards [24 CFR 982.403(a),(c)]

MSGHA shall consider request for exceptions from the subsidy standards if the family makes such request in writing within 10 days from the date the voucher was issued and provides sufficient justification based on health or disability of family members, or other individual circumstances that may warrant an exception to the standards. A doctor or medical professional must verify requests based on health related reasons**.**

Terminating HAP contract when unit is too small (24 CFR 982.403(a)(c))

(a) Violation of HQS space standards.

(1) If the PHA determines that a unit does not meet the HQS space standards because of an increase in family size or a change in family composition, the PHA must issue the family a new voucher, and the family and PHA must try to find an acceptable unit as soon as possible.

(2) If an acceptable unit is available for rental by the family, the PHA must terminate the HAP contract in accordance with its terms.

(c) Termination. When the PHA terminates the HAP contract under paragraph (a) of this section:

(1) The PHA must notify the family and the owner of the termination; and

(2) The HAP contract terminates at the end of the calendar month that follows the calendar month in which the PHA gives such notice to the owner.

(3) The family may move to a new unit in accordance with Sec. 982.314.

Changes in Voucher Size

The voucher size is determined prior to the briefing by comparing the family composition to the MSGHA subsidy standards. If an applicant requires a change in the

voucher size, based on the requirements of the subsidy standards, the above referenced guidelines will apply.

If MSGHA errs in the bedroom size designation, the family will be issued a new voucher of the appropriate size for the full period allocated for new program admissions. If the family makes a request for an exception to the payment standards and such request is granted, the family shall be issued a new voucher for the time remaining under the initial issuance period.

All members of the family residing in the unit must be approved by the owner and the MSGHA. The family must obtain approval of any additional family member before the new member occupies the unit except for additions by birth, adoption, or court-awarded custody, in which case the family must inform the PHA within thirty (30) days from the date of the action. Changes in voucher size will be applied if necessary based on the above referenced guidelines.

Housing Quality Standards: The standards allow two persons per living/sleeping room and permit maximum occupancy levels (assuming a living room is used as a living/sleeping area) as shown in the table below. The levels may be exceeded if a room in addition to bedrooms and living room is used for sleeping.

Housing Quality Standards
Maximum Occupancy in Units Selected

Unit Size	Maximum Occupancy*
0	2
1	-3
2	6
3	8
4	10
5	12
6	14

*This depends on the bedroom space.

SECTION 6
TOTAL TENANT PAYMENT

General [24 CFR Part 5, Subparts E and F; 982.153, 982.551]

MSGHA will use the methods set forth in this Administrative Plan to verify and determine that family income at admission and at annual re-certification is correct. The accurate calculation of Annual Income and Adjusted Income will ensure that families are not paying more or less money for rent than their obligation under the Regulations.

This Chapter defines the allowable expenses and deductions to be subtracted from Annual Income and how the presence or absence of household members may affect the Total Tenant Payment (TTP). Income and TTP are calculated in accordance with 24 CFR Part 5, Subparts E and F, and further instructions set forth in HUD Notices and Memoranda. The formula for the calculation of TTP is specific and not subject to interpretation. MSGHA's policies in this Chapter address those areas, which allow MSGHA discretion to define terms and to develop standards in order to assure consistent application of the various factors that relate to the determination of TTP.

Income and Allowances [24 CFR 5.609];[24 CFR 5.611)]

The following definitions shall be applied when calculating total tenant payment, tenant rent and housing assistance payments:

- **Income**: Includes all monetary amounts, which are received on behalf of the family. For purposes of calculating the Total Tenant Payment, HUD defines what is to be calculated and what is to be excluded in the federal regulations. In accordance with this definition, all income, which is not specifically excluded in the regulations, is counted.

- **Annual Income:** Defined as the gross amount of income anticipated to be received by the family during the 12 months after certification or re-certification. Gross income is the amount of income prior to any HUD allowable expenses or deductions, and does not include income, which has been excluded by HUD. Annual income is used to determine whether or not applicants are within the applicable income limits.

- **Adjusted Income:** Adjusted income means annual income (as determined by the responsible entity, defined in Sec. 5.100 and Sec. 5.603) of the members of the family residing or intending to reside in the dwelling unit, after making the following deductions:

  a) Mandatory deductions. In determining adjusted income, the responsible entity must deduct the following amounts from annual income:

(1) $480 for each dependent;
(2) $400 for any elderly family or disabled family;
(3) The sum of the following, to the extent the sum exceeds three percent of annual income:
(i) Unreimbursed medical expenses of any elderly family or disabled family; and
(ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
(4) Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

(b) Additional deductions.
(1) For public housing, a PHA may adopt additional deductions from annual income. The PHA must establish a written policy for such deductions.
(2) For the HUD programs listed in Sec. 5.601(d), the responsible entity shall calculate such other deductions as required and permitted by the applicable program regulations.

- **Allowable deductions:** Dependent Allowance: $480 each for family members (other than the head or spouse) who are minors, and for family members who are 18 and older who are full-time students or who are disabled.
- Elderly/Disabled Allowance: $400 per family for families whose head or spouse is 62 or over or disabled.

- **<u>The sum of the following, to the extent the sum exceeds three percent of annual income:</u>**
(i) Unreimbursed medical expenses of any elderly family or disabled family; and
(ii) Unreimbursed reasonable attendant care and auxiliary apparatus expenses for each member of the family who is a person with disabilities, to the extent necessary to enable any member of the family (including the member who is a person with disabilities) to be employed. This deduction may not exceed the earned income received by family members who are 18 years of age or older and who are able to work because of such attendant care or auxiliary apparatus; and
- **Child Care Expenses**: Deducted for the care of children under 13 when

childcare is necessary to allow an adult member to work, attend school, or actively seek employment. Cannot exceed the amount of earned income and must be reasonable based on comparative costs in the community.

- **Allowable Disability Assistance Expenses:** Deducted for attendant care or auxiliary apparatus for persons with disabilities if needed to enable the individual or an adult family member to work.

Disallowance of Earned Income from Rent Determinations for Persons with Disabilities (24CFR 5.617; 982.201 (b) (3).

The annual income for qualified disabled families may not be increased as a result of increases in earned income of a family member who is a person with disabilities beginning on the date on which the increase in earned income begins and continuing for a cumulative 12-month period. After the disabled family receives 12 cumulative months of the full exclusion, annual income will include a phase-in of half the earned income excluded from annual income.

A disabled family qualified for the earned income exclusion is a disabled family that is receiving tenant-based rental assistance under the Housing Choice Voucher Program; and

- Whose annual income increases as a result of employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment;

- Whose annual income increases as a result of increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program; or

- Whose annual income increases, as a result of new employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any State program for TANF provided that the total amount over a six-month period is at least $500.00.

The HUD definition of "previously unemployed" includes a person with disabilities who has earned in the previous 12 months no more than the equivalent earnings for working 10 hours per week for 50 weeks at the minimum wage. Minimum wage is the prevailing minimum wage in the State or locality.

The HUD definition of economic self-sufficiency program is: any program designed to encourage, assist, train or facilitate economic independence of assisted families or to provide work for such families. Such programs may include job training, employment counseling, work placement, basic skills training, education, English proficiency, workfare, financial or household management, apprenticeship, or any other program necessary to ready a participant to work (such as substance abuse or mental health

treatment).

Amounts to be excluded are any earned income increases of a family member who is a person with disabilities during participation in an economic self-sufficiency or job training program and not increases that occur after participation, unless the training provides assistance, training or mentoring after employment. The amount of TANF received in the six-month period includes monthly income and such benefits and services as one-time payments, wage subsidies and transportation assistance.

The amount that is subject to the disallowance is the amount of incremental increase in income of a family member who is a person with disabilities. The incremental increase in income is calculated by comparing the amount of the disabled family member's income before the beginning of qualifying employment or increase in earned income to the amount of such income after the beginning of employment or increase in earned income.

Exclusions of Income shall be calculated as follows:

1. **Initial Twelve-Month Exclusion -** During the cumulative 12-month period beginning on the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the PHA will exclude from annual income of a qualified family any increase in income of the family member who is a person with disabilities as a result of employment over the prior income of that family member.

2. **Second Twelve-Month Exclusion and Phase-in -** During the second cumulative twelve month period after the date a member who is a person with disabilities of a qualified family is first employed or the family first experiences an increase in annual income attributable to employment, the responsible entity must exclude from annual income of a qualified family fifty percent of any increase in income of such family member as a result of employment over income of that family member prior to the beginning of such employment.

3. The disallowance of increased income of an individual family member who is a person with disabilities as provided in paragraph (A)(1) or (A)(2) is limited to a lifetime 48 month period. The disallowance only applies for a maximum of twelve months for disallowance under paragraph (A)(1) and a maximum of twelve months for disallowance under paragraph (A)(2), during the 48 month period starting from the initial exclusion under paragraph (A)(1) of this section.

- **Inapplicability to admission**. The disallowance of increases in income as a result of employment of persons with disabilities under this section does not apply for purposes of admission to the program (including the determination of

income eligibility or any income targeting that may be applicable).

Minimum Rent [24 CFR 5.630]

Minimum rent refers to the Total Tenant Payment and includes the combined amount a family pays towards rent and/or utilities when it is applied. The established minimum rent for all vouchers holders is $50.00.

A family may request an exception to the minimum rent based on financial hardship, which is defined as follows:

- The family has lost eligibility or is awaiting an eligibility determination for Federal, State, or local financial assistance;
- The family would be evicted as a result of the imposition of the minimum rent requirement;
- The income of the family has decreased because of changed circumstances, including: loss of employment; death in the family; and, other circumstances as determined by the PHA or HUD.

MSGHA will notify all families subject to minimum rents of their right to request a minimum rent hardship exception. This notification will be included in the change of rent notice issued by MSGHA at each re-certification of income. "Subject to minimum rent" means the minimum rent was the greatest figure in the calculation of the greatest of 30% of monthly-adjusted income, 10% of monthly income or minimum rent.

Requests for minimum rent exception must be made in writing within 10 days from the date of notification of rent and must include documentation as proof of financial hardship. MSGHA will use its standard verification procedures to verify circumstances, which have resulted in financial hardship.

Suspension of Minimum Rent

(A) If a family requests a financial hardship exemption, the responsible entity must suspend the minimum rent requirement beginning the month following the family's request for a hardship exemption until the responsible entity determines whether there is a qualifying financial hardship, and whether such hardship is temporary or long term.

(B) The responsible entity must promptly determine whether a qualifying hardship exists and whether it is temporary or long term.

(C) If the responsible entity determines that a qualifying financial hardship is temporary; the PHA must not impose the minimum rent during the 90-day period beginning the month following the date of the family's request for a hardship

exemption. At the end of the 90-day suspension period, the responsible entity must reinstate the minimum rent from the beginning of the suspension. The family must be offered a reasonable repayment agreement, on terms and conditions established by the responsible entity, for the amount of back rent owed by the family.

Temporary and long terms are defined as follows:

- **Temporary Hardship -** If MSGHA determines that the hardship is temporary; a minimum rent will not be imposed for a period of up to 90 days from the date of the family's request. At the end of the temporary suspension period, a minimum rent will be imposed retroactively to the time of suspension.

- **Long-Term Duration Hardships** - If it is determined that there is a qualifying long-term financial hardship, the PHA must exempt the family from the minimum rent requirements for as long as the hardship continues. The exemption from minimum rent shall apply from the first day of the month following the family's request for exemption.

Definition Of Temporarily/Permanently Absent [24 CFR 982.54(d)(10), 982.551(H)(7)(1)]

It is the responsibility of the head of household to report changes in family composition. MSGHA will evaluate absences from the unit using this policy.

MSGHA will compute all applicable income of every family member who is on the lease, including those who are temporarily absent. In addition, MSGHA will count the income of the spouse or the head of the household if that person is temporarily absent.

Income of persons permanently absent will not be counted. If the spouse is temporarily absent and in the military, all military pay and allowances (except hazardous duty pay when exposed to hostile fire and any other exceptions to military pay HUD may define) is counted as income.

- **Temporarily Absent**: Defined as away from the unit for more than 30 days.

- **Permanently Absent**: Defined as away from the unit for 180 consecutive days except as otherwise provided in this Chapter.

- **Medical Absence**: Defined as any family member that leaves the household to enter a facility such as hospital, nursing home, or rehabilitation center. MSGHA will seek advice from a reliable medical source as to the likelihood and timing of their return. If the verification indicates that the family member will be permanently confined to a nursing home, the family member will be considered permanently absent. If the verification indicates that the family member will return in less than 180 consecutive days, the family member will not be considered permanently absent. If the person who is determined to be permanently absent is the sole member of the household, assistance will be

terminated in accordance with the "Absence of Entire Family" policy.

- **Absence Due to Full-time Student Status**: A student (other than head of household or spouse) who attends school away from home but lives with the family during school recesses may, at the family's choice, be considered either temporarily or permanently absent. If the family decides that the member is permanently absent, income of that member will not be included in total household income, the member will not be included on the lease, and the member will not be included for determination of Voucher size.

- **Absence Due to Incarceration**: If the sole member is incarcerated for more than 180 consecutive days, s/he will be considered permanently absent. Any member of the household, other than the sole member, will be considered permanently absent if s/he is incarcerated for three (3) consecutive months. The PHA will determine if the reason for incarceration is for drug-related or violent criminal activity. Appropriate action regarding assistance will be taken in accordance with the provisions in this plan.

- **Absence of Children Due to Placement in Foster Care**: If the family includes a child or children temporarily absent from the home due to placement in foster care, MSGHA will determine from the appropriate agency when the child/children will be returned to the home.
  If the time period is to be greater than six (6) months from the date of removal of the children, the Voucher size will be reduced. If all children are removed from the home permanently, the voucher size will be reduced in accordance with the subsidy standards.

- **Absence of Entire Family**: Defined as situations when the family is absent from the unit, but has not moved out of the unit. "Absence" means that no family member is residing in the unit. In order to determine if the family is absent from the unit, MSGHA may write letters to the family at the unit, telephone the family at the unit, interview neighbors, verify if utilities are in service, and check with the post office. Families are required both to notify MSGHA before they move out of a unit and to give MSGHA information about any family absence from the unit.

    - Families must notify MSGHA at least 30 days before moving out of the unit or no less than 15 days after leaving the unit if they are going to be absent from the unit for more than 30 consecutive days.

    - If it is determined that the family is absent from the unit, MSGHA will continue assistance payments for the period of time estimated that the family will be absent but not more than six months provided that the family gave proper notice to MSGHA. If the family did not provide proper notice, than assistance will be terminated at the end of the month following 30 days after notification of absence.

- In cases where the family has moved out of the unit, MSGHA will terminate assistance in accordance with appropriate termination procedures contained in this Plan.

- **Caretaker for Children**: Defined as a person placed in an assisted unit by an appropriate certified service agency that is acting as the legal guardian for children on the lease agreement. The following criteria will apply to these situations:

  - If an appropriate agency has determined that another adult is to be brought into the assisted unit to care for the children for an indefinite period, MSGHA will treat that adult as a visitor for the first 120 days.

  - If by the end of 120 days, court-awarded custody or legal guardianship has been awarded to the caretaker, the Voucher will be transferred to the caretaker.

  - If the appropriate agency cannot confirm the guardianship status of the caretaker, MSGHA will transfer the voucher to the caretaker on a temporary basis with the condition that the caretaker must release the voucher if the original parent(s) are awarded custody at a later date.

- **Absence Due to Court Order**: If a member of the household is subject to a court order that restricts him/her from the home for more than three (3) months, the person will be considered permanently absent.

Visitors

Any adult not included on the HUD 50058 who has been in the unit more than thirty (30) consecutive days without MSGHA approval, or a total of thirty (30) days in a 12-month period, will be considered to be living in the unit as an unauthorized household member.

Statements from neighbors and/or the landlord will be considered in making the determination. Use of the unit address as the visitor's current residence for any purpose that is not explicitly temporary shall be construed as permanent residence.

The burden of proof that the individual is a visitor rests on the family. MSGHA may request lease agreements, utility bills or other such documentation identifying an address other than the assisted unit as the permanent residence of the individual in question. In the absence of such proof, the individual will be considered an unauthorized member of the household and the PHA will terminate assistance since prior approval was not requested for the addition.

Minors and college students who were part of the family but who now live away from

home during the school year and are no longer on the lease may visit for up to 120 days per year without being considered a member of the household.

In a joint custody arrangement, if the minor is in the household less than 51 days per year, the minor will be considered to be an eligible visitor and not a family member.

Reporting Changes in Family Composition

Reporting changes in household composition is a basic family obligation under the voucher agreement between MSGHA and the assisted family. The family obligations require approval to add any other family member as an occupant of the unit and to inform MSGHA of the birth, adoption or court-awarded custody of a child within 30 days of move-in.

The family must request prior approval from MSGHA of additional household members in writing. In addition, the family must comply with the terms of their lease agreement with the owner which may require the family to obtain prior written approval from the owner when there are changes in family composition other than birth, adoption or court awarded custody. An interim reexamination will be conducted for any additions to the household.

If the family does not obtain prior written approval, any person the family has permitted to move in will be considered an unauthorized household member.

Averaging Income

When Annual Income cannot be anticipated for a full twelve months, MSGHA will average known sources of income that vary to compute an annual income. Therefore, an interim re-certification will not be completed when circumstances change.

If there are bonuses or overtime, which the employer cannot anticipate for the next twelve months, bonuses and overtime received the previous year will be used.

Minimum Income

There is no minimum income requirement for participation in the Section 8 Program. Regular contributions and gifts will be considered as income, including payment of utilities or any other bills by any other individual or organization.

If the family's expenses exceed their known income, MSGHA will make inquiry of the head of household as to the nature of the family's accessible resources and will use all available resources to determine if the family has unreported income.

Income of Person Permanently Confined To Nursing Home

If a family member is permanently confined to a hospital or nursing home and there is a family member left in the household, the PHA will calculate the income by using the

following methodology and use the income figure which would result in a lower payment by the family:

- The income of the family member confined will be included and corresponding out of pocket medical expenses will be deducted; or,

- The income of the family member confined will not be included and corresponding out of pocket medical expenses will not be deducted.

Annual income does not include the following 24 CFR 982.5.609(c)

(1) Income from employment of children (including foster children) under the age of 18 years;
(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
(5) Income of a live-in aide, as defined in Sec. 5.403;
(6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;
(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
(8)(i) Amounts received under training programs funded by HUD;
(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the

employment training program;
(9) Temporary, nonrecurring or sporadic income (including gifts);
(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
(11) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);
(12) Adoption assistance payments in excess of $480 per adopted child;
(13) [Reserved]
(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

Annualization of income 24 CFR 982.5.609(d)

If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

Regular Contributions and Gifts (24CFR 5.609)

Regular contributions and gifts to the household are counted as income for calculation of the Total Tenant Payment and Tenant Rent. Any contribution or gift received every three months or more frequently will be considered regular unless such amount is less than $100 on an annual basis. This includes utility and rent payments made on behalf of the family by an outside source and any other cash or non-cash contributions.

Alimony And Child Support [24 CFR 5.609]

Regular alimony and child support payments are counted as income for calculation of Total Tenant Payment. If the amount of child support or alimony received is less than the amount awarded by the court, MSGHA will use the amount awarded by the court unless the family can verify that they are not receiving the full amount and verification of such is provided as follows:

- Verification from the agency responsible for enforcement or collection;
- Documentation of child support or alimony collection action filed through a child

support enforcement/collection agency, or collection action filed through an attorney;

Lump-Sum Receipts [24 CFR 5.609]

Lump-sum payments caused by delays in processing periodic payments such as but not limited to, unemployment or welfare assistance are counted as income. Deferred periodic payments, which have accumulated due to a dispute, are also counted as income.

In order to determine amount of retroactive tenant rent that the family owes as a result of the lump sum receipt, MSGHA will use a calculation method, which calculates retroactively or prospectively, depending on the circumstances.

- **Prospective Calculation Methodology**: If the payment is reported on a timely basis, (as required under interim reporting requirements) the calculation will be done prospectively and will result in an interim adjustment calculated as follows: the entire lump-sum payment will be added to the annual income at the time of the interim and total tenant payment and tenant rent will be calculated accordingly.

- **Retroactive Calculation Methodology:** If the payment is not reported on a timely basis, MSGHA will go back to the date the lump-sum payment was received, or to the date of admission, whichever is closer and determine the amount of income for each certification period, including the lump sum, and recalculate the tenant rent for each certification period to determine the amount due to MSGHA. The family will then be required to pay this amount to MSGHA in full from the lump sum proceeds. Failure to make payment will result in termination of assistance.

- **Attorney Fees -** The family's attorney fees may be deducted from lump-sum payments when computing annual income if the attorney's efforts have recovered lump-sum compensation and the recovery paid to the family does not include an additional amount in full satisfaction of the attorney fees.

Contributions to Retirement Funds

While an individual is employed, contributions to company retirement/pension funds count as assets if the family can access the funds without retiring or terminating employment. After retirement or termination of employment, any amount the employee elects to receive as a lump sum is counted as a lump sum payment as described above.

Assets Disposed Of For Less Than Fair Market Value

MSGHA will count assets disposed of for less than fair market value during the two years preceding certification or reexamination by including the difference between the market value and the actual payment received when calculating total assets if the fair

market value of such assets is greater than $1,000.

Assets disposed of as a result of foreclosure or bankruptcy will not be considered to be assets disposed of for less than fair market value. Assets disposed of as a result of a divorce or separation will also not be considered assets disposed of for less than fair market value.

Child Care Expenses [24 CFR 5.611]

Childcare expenses for children under 13 may be deducted from annual income if they enable an adult to work or attend school full time, or to actively seek employment. However, childcare expenses will not be allowed as a deduction if there is an adult household member capable of caring for the child who can provide the childcare.

Examples of adult household members who would be considered *unable* to care for a child include the abuser in a documented child abuse situation or a person with disabilities or older person unable to take care of a small child, as verified by a reliable knowledgeable source.

A childcare deduction will only be provided based on the following guidelines:

- **Childcare to Work**: The maximum childcare expense allowed must the person enabled to work earn less than the amount. The "person enabled to work" will be the adult member of the household who earns the least amount of income from working.

- **Childcare for School**: The number of hours claimed for child care may not exceed the number of hours the family member is attending school, including reasonable travel time to and from school.

- **Amount of Expense**: The PHA will survey the local care providers in the community and collect data to serve as a guideline. If the hourly rate materially exceeds the guideline, MSGHA will calculate the allowance using the guideline.

- **Reimbursemen**t: Childcare expense cannot be reimbursable from any other source. If a divorce decree provides for joint payment of childcare, expenses will be prorated accordingly unless the assisted family provides adequate documentation as described previously.

Medical Expenses [24 CFR 5.609(a)(2]

Elderly and disabled households are entitled to deductions for allowable medical expenses. If the household qualifies for a medical deduction then the medical expenses of all household members are an allowable deduction.

Allowable expenses include but are not limited to insurance premiums; hospital and

doctor costs; and, prescription medicines. Nonprescription medicines, acupressure, acupuncture, herbal medicines and chiropractic services will not be considered allowable medical expenses. Medical expenses that may be considered include all medical expenses anticipated to be incurred during the coming year that are not covered by insurance. Medical expenses can include such items as:

- Services of a physician or other health care professional;
- Services of a hospital or other health care facility;
- Medical insurance premiums;
- Prescription and nonprescription medicines;
- Dental expenses;
- Eyeglasses and eye examinations;
- Live-in or periodic medical care assistance (such as visiting nurses or care attendants);
- Medical or health products or apparatus (such as hearing aids or batteries);and
- Periodic payments on accumulated medical bills.

Although medical expenses are permitted only for elderly or disabled households, once a household qualifies as an elderly or disabled household the medical expenses of all household members are considered.

The IRS Publication 502 will govern the final determination as to whether a particular medical expense is permitted or prohibited as an allowable deduction under the Section 8 programs.

Pro-ration Of Assistance for "Mixed" Families [24 CFR 5.520]

A "mixed" family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible members. Housing assistance will be prorated for mixed families based on the following calculation.

The total housing assistance shall be calculated based on income, assets, allowances and deductions for all household members. The percent of eligible household members is determined by dividing the number of U. S. Citizens or eligible immigrants in the household by the total number of household members. The total amount of housing assistance is then multiplied by the percent of the eligible household members. This is the amount of housing assistance that will be paid on behalf of a mixed family.

Income Changes Resulting from Welfare Program Requirements

The PHA will not reduce the rental contribution for families whose welfare assistance is reduced specifically because of:

- Fraud by a family member in connection with the welfare program; or

- Failure to participate in an economic self-sufficiency program; or
- Noncompliance with a work activities requirement.

However, the PHA will reduce the rental contribution if the welfare assistance reduction is a result of:

- The expiration of a lifetime time limit on receiving benefits; or
- A situation where a family member has not complied with other welfare agency requirements; or
- A situation where a family member has complied with welfare agency economic self-sufficiency or work activities requirements but cannot or has not obtained employment, such as the family member has complied with welfare program requirements, but the durational time limit, such as a cap on the length of time a family can receive benefits, causes the family to lose their welfare benefits.

Imputed welfare income is the amount of annual income not actually received by a family as a result of a specified welfare benefit reduction that is included in the family's income for rental contribution and is treated as follows:

- Imputed welfare income is not included in annual income if the family was not an assisted resident at the time of sanction.
- The amount of imputed welfare income is offset by the amount of additional income a family receives that begins after the sanction was imposed.
- When additional income is at least equal to the imputed welfare income, the imputed welfare income is reduced to zero.

The PHA will obtain written verification from the welfare agency stating that the family's benefits have been reduced for fraud or noncompliance with economic self-sufficiency or work activities requirements *before* denying the family's request for rent reduction. The welfare agency, at the request of the PHA, will inform the PHA of: amount and term of specified welfare benefit reduction for the family; reason for the reduction; and subsequent changes in term or amount of reduction.

Utility Allowance and Utility Reimbursement Payments [24 CFR 982.153, 982.517]

MSGHA will develop a utility allowance schedule, which is intended to cover the cost of utilities not included in the rent to the owner. This allowance is based on the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and type. Allowances are not based on an individual family's actual energy consumption.

The utility allowance for an individual family includes the utilities and services that are

necessary in the Municipality of San Germán to provide housing that complies with the Federal Housing Quality Standards. No allowance will be provided for non-essential utility costs, such as but not limited to telephone, cable, or satellite television. Where families provide their own range and refrigerator, MSGHA will include an appliance allowance as part of the total utility allowance provided to the family.

Lease agreements with tenant paid utilities will only be approved for utilities that are individually metered for the unit receiving assistance. The individual meter must only service the living space in which the family has access. The property owner must retain responsibility for any utility that is not individually metered.

MSGHA will review the utility allowance schedule annually. If the review finds a utility rate has changed by 10% or more since the last revision of the utility allowance schedule, the schedule will be revised to reflect the new rate. Revised utility allowances will be applied in a participant family's rent calculation at their next re-certification.

Where the calculation on the HUD 50058 results in a utility reimbursement payment due the family, the PHA, will provide a monthly Utility Housing Assistance Payment (UHAP) to the Head of Household or Utility Agency based on a case-by-case situation.

SECTION 7
VERIFICATION PROCEDURES

General [24 CFR Part 5, Subparts B, D, E and F;5.617]

All factors affecting eligibility for the Section 8 Program and calculation of total tenant payment, tenant rent and housing assistance will be verified by MSGHA. PHA staff will obtain written verification from independent sources whenever possible and will document tenant files whenever third party verifications are not possible as to why third party verification was impossible to obtain.

Applicants and program participants must provide true and complete information upon request by MSGHA. Verification requirements are designed to maintain program integrity. This section explains the procedures and standards for verification of income, assets, allowable deductions, family status, and changes in family composition. MSGHA will obtain proper authorization from the family before requesting information from independent sources.

The MSGHA will use HUD's EIV system as a third-party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with Sec. 5.236.

Methods of Verification and Time Allowed [24 CFR 982.516]

All required information will be verified using three methods of verification in the following order:

- **Third-Party Written** –This method requires de written document to be received from Enterprise Income Verification (EIV) system or EIV + current pay stubs, EIV + employer letter when the information is not available in EIV. Tenant-provided documents from a 3rd party are acceptable. When the tenant disputes the EIV data written third party verification will be requested. Traditional 3rd party would pursue if:
    - Tenant is unable to provide documents requested.
    - Tenant-provided documents are not acceptable
        - Document is not an original; or
        - Original document has been altered, mutilated, or not legible; or
        - Document appears to be a forged document (i.e. does not appear to be authentic)
    - Tenant disputes EIV and one or both of above conditions apply

- **Third-Party Oral** – This method requires an authorization form signed by the applicant or participant to be sent to the source of the verification and a MSGHA staff member verifies by telephone the required information and records such information on the required verification forms. This method will be used if the

information is not in EIV or if the tenant dispute EIV.

- **Review of Documents** – This method is used for documents that are hand-carried by the applicant or participant and copied at the MSGHA office or reviewed by staff with the information recorded and certified by staff on the requisite forms.

Self-certification or self-declaration forms from the applicants or participants are not acceptable methods of verification.

MSGHA will allow two (2) weeks for return of third-party verifications and two (2) weeks to obtain other types of verifications before going to the next method identified above. The file must be documented as to why third party written verification was not used.

Verifications may not be more than 90 days old at the time of issuance of a voucher to a program applicant or a program participant. Therefore, a re-certification must be completed prior to issuance of a voucher for any program move in which the last re-certification was completed more than a 90 days prior to issuance of the voucher.

Up-Front Income Verification Techniques

Even when applicant/participant interviews are thoroughly conducted, families may not disclose all sources of income. MSGHA will make every effort to develop and implement use of up-front income verification methods to assist in accurately determining household income. Resources available for up-front income verification include the following:

- **EIV** – EIV matches Social Security (SS) and Supplemental Security Income (SSI) to comparable tenant data from MTCS and WASS databases. HUD provides internet-based access to SS and SSI benefit information. Each month, MSGHA will access the WASS database and extract the information on individuals who have unreported or underreported SS or SSI benefits.

- **SWICA (State Wage Information Collection Agencies) –** The Puerto Rico Department of Labor is a source of information on employers and reported wages. SWICA's cans disclose wage information and whether an individual is receiving, has received, or has made application for unemployment compensation, and the amount of any such compensation. MSGHA will make very effort to negotiate an Memorandum of Understanding with the Department of Labor to share this information electronically.

- **The Work Number –** The Work Number is an automated service that provides controlled access to a national database of employment and income records. State and Federal agencies can have automated access to this information provided the employer's records are part of the Work Number. MSGHA will utilize the service as available in Puerto Rico.

Projecting Annual Income When Enterprise Income Verification (EIV) Data is Available

The Municipality of San Germán Housing Authority will utilize the following HUD criteria to consistently and uniformly resolve income discrepancies between the up-front income verification data and information provided by the applicant/participant. HUD defines a *substantial difference* as one that is $200 or more per month.

- **EIV Income Data is Not Substantially Different than Tenant-Provided Income Information**
  MSGHA will utilize only the UIV verification documents and will not secure 3rd party verifications when there is no substantial difference between UIV and tenant-reported income. The following guidelines will be utilized to calculate annual income:

  - If EIV income data is less than **current** tenant-provided documentation, MSGHA will use tenant-provided documents to calculate anticipated annual income.

  - If EIV income data is more than **current** tenant-provided documentation, MSGHA will use UIV income data to calculate anticipated annual income **unless** the family provides the PHA with documentation of a change in circumstances (i.e. change in employment, reduction in hours, etc.). Upon receipt of acceptable tenant-provided documentation of a change in circumstances, the PHA will use tenant-provided documents to calculate anticipated annual income.

- **EIV Income Data is Substantially Different than Tenant-Provided Income Information**

  In cases where EIV income data is substantially different than tenant-reported income, MSGHA shall utilize the following guidelines:

  - The PHA shall request written third party verification from the discrepant income source, in accordance with the criteria described in this section of this plan (24 CFR 5.236(3)(i).

  - The PHA should review historical income data for patterns of employment, paid benefits, and/or receipt of other income, when the PHA can not readily anticipate income, such as in cases of seasonal employment, unstable working hours, and suspected fraud.

  - The PHA must analyze all data (EIV data, third party verification and other documents/information provided by the family) and attempt to resolve the income discrepancy.

- The PHA will use the most current verified income data (and historical income data if appropriate) to calculate anticipated annual income.

If MSGHA is unable to anticipate annual income using current information due to historical fluctuations in income, MSGHA will average amounts received/earned to anticipate annual income.

If the tenant disputes EIV Social Security (SS)/ Supplemental Security Income (SSI) benefit data, the tenant shall provide a current, original Social Security Administration (SSA) notice or benefit letter within 10 business days of the PHA interview date.

Resources for Historical Income Data

The following documents serve as resources for historical income data if such data is needed in determining annual income based on a substantial difference between UIV and reported income.

- Social Security Earnings Statement (summary of gross earnings for each year that the participant has worked in his/her lifetime) will not be obtained from the Social Security Administration. The information regarding de Social Security Earning will be obtained directly from the EIV. If the information is not in EIV the tenant will be instructed to request the benefit letter at www.ssa.gov.

- Several years of earnings may be obtained from the EIV System or local State Wage Information Collection Authority (SWICA). This information is not available to PHA's in States that the local SWICA has entered into an agreement with HUD to obtain wage and unemployment compensation data.

- Several years of Social Security benefits paid to a participant (or household member) may be obtained from the WASS or EIV system.

Release of Information [24 CFR 5.230]

All adult family members will be required to sign the HUD 9886 Release of Information/Privacy Act form. In addition, family members will be required to sign specific authorization forms when information is needed that is not covered by the HUD form 9886. Family refusal to cooperate with the HUD prescribed verification system will result in denial of admission or termination of assistance based on violation of the family obligation to supply any information and to sign consent forms.

Income Discrepancy Resolution

The Exceeds Threshold Report contained in the EIV system identifies families that ***may have*** substantially under reported wages, social security benefits and/or unemployment compensation. If UIV data is greater than tenant-reported income by

$2,400 or greater annually, PHAs are expected to resolve these income discrepancies. In accordance with 24 CFR 5.236, PHAs are required to obtain written third party verification of disputed UIV data. Below is a summary of steps a PHA should take to resolve income discrepancies:

1. Discuss the discrepancy with the tenant.
2. Request current documents from the tenant. i.e. Original, current and consecutive pay stubs, original SSA benefit verification letter, etc.
3. Request written third party verification of any income source that the tenant disputes.
4. Confirm effective dates of unreported income source.
5. In cases where the PHA confirms that the tenant failed to report income source(s), PHA should determine retroactive rent due to the PHA and execute a repayment agreement with the tenant.
6. In cases where the PHA obtains additional income information via the EIV system (and verifies the UIV data with the tenant and/or 3rd party source) that would result in a more accurate income determination and the PHA policy allows for increases in rent (in between annual re-examinations), the PHA should adjust the rent accordingly to reduce the occurrence of improper subsidy payments.

Items to be Verified

The following information must be verified to determine initial program eligibility, to calculate total tenant payment, tenant rent and housing assistance and at each annual re-certification of income.

- All income not specifically excluded by the regulations.
- Full-time student status including High School students who are 18 or over.
- Current assets including assets disposed of for less than fair market value in preceding two years.
- Childcare expense where it allows an adult family member to be employed or to further his/her education.
- Total medical expenses of all family members in households whose head or spouse is elderly or disabled.
- Disability assistance expenses to include only those costs associated with attendant care or auxiliary apparatus for a disabled member of the family, which allow an adult family member to be employed.
- Disability for determination of allowances or deductions.
- U.S. citizenship/eligible immigrant status
- Social Security Numbers for all family members in accordance with 24 CFR 5.216
- Familial/Marital status when needed for head or co-head definition.
- Verification of Reduction in Benefits for Noncompliance

MSGHA will obtain written verification from the welfare Authority stating that the family's benefits have been reduced for fraud or noncompliance *before* denying the family's request for rent reduction.

Verification of income, assets and allowances

Verification will be conducted using the following procedures:

- **Employment Income** - Verification forms request the employer to specify the Dates of employment; Amount and frequency of pay; likelihood of change of employment status and effective date of any known salary increase during the next 12 months; year to date earnings; estimated income from overtime, tips, bonus pay expected during next 12 months.

    - Acceptable methods of verification include, in this order: UIV SWICA statements; employment verification form completed by the employer; check stubs or earning statements, which indicate the employee's gross pay, frequency of pay or year to date earnings; W-2 forms plus income tax return forms; income tax returns signed by the family must be used for verifying self-employment income, or income from tips and other gratuities.

    - Applicants and program participants may be requested to sign an authorization for release of information from the Internal Revenue Service for further verification of income.

    - In cases where there are questions about the validity of information provided by the family, MSGHA will require the most recent federal income tax statements.

- **Social Security, Pensions, Supplementary Security Income (SSI), Disability Income -** Acceptable methods of verification include, in this order: EIV report; award or benefit notification letters prepared and signed by the providing Authority; computer report electronically obtained or in hard copy.

- **Unemployment Compensation -** Acceptable methods of verification include, in this order: EIV report; computer report electronically obtained or in hard copy, from unemployment office stating effective payment dates and amounts; payment stubs.

- **Welfare Payments or General Assistance -** Acceptable methods of verification include, in this order: EIV report; written statement from payment provider indicating the amount of grant/payment, start date of payments, and anticipated changes in payment in the next 12 months if available which could be electronically; computer-generated Notice of Action; computer-generated list of recipients from Welfare Department.

- **Alimony or Child Support Payments -** Acceptable methods of verification include, in this order: EIV report; letter from the agency which could be electronically; copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules; a letter from the

person paying the support; copy of latest check and/or payment stubs from Court Trustee. PHA must record the date, amount, and number of the check.

- If payments are irregular, the family must provide: a copy of the separation or settlement agreement, or a divorce decree stating the amount and type of support and payment schedules; a statement from the Authority responsible for enforcing payments to show that the family has filed for enforcement; a notarized affidavit from the family indicating the amount(s) received; a written statement from an attorney certifying that a collection or enforcement action has been filed.

- **Net Income from a Business** - In order to verify the net income from a business, a financial document from prior years will be requested and use this information to anticipate the income for the next 12 months. Acceptable methods of verification include: IRS Form 1040, including: Schedule C (Small Business); Schedule E (Rental Property Income); Schedule F (Farm Income); if accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules; audited or un-audited financial statement(s) of the business; credit report or loan application; Documents such as manifests, appointment books, cash books, bank statements, and receipts will be used as a guide for the prior six months (or lesser period if not in business for six months) to project income for the next 12 months. The family will be advised to maintain these documents in the future if they are not available**.**

- **Recurring Contributions -** The family must a statement which contains the following information: the person who provides the gifts; the value of the gifts; the regularity (dates) of the gifts; the purpose of the gifts.

- **Zero Income Status -** Families claiming to have no income will be required to execute verification forms to determine that forms of income such as unemployment benefits, TANF, SSI, are not being received by the household. MSGHA will also request information from the Department of Labor.

- **Full-time Student Status -** Only the first $480 of the earned income of full time students, other than head, co-head, or spouse, will be counted towards family income. Financial aid, scholarships and grants received by full time students are not counted towards family income. Verification of full time student status includes: written verification from the registrar's office or other school official; school records indicating enrollment for sufficient number of credits to be considered a full-time student by the educational institution.

- **Savings Account Interest Income and Dividends -** Acceptable methods of verification include, in this order: account statements, passbooks, certificates of deposit, or PHA verification forms completed by the financial institution and broker's statements showing value of stocks or bonds and the earnings credited

the family. Earnings can be obtained from current newspaper quotations or oral broker's verification.

- **Family Assets -** MSGHA will require information necessary to determine the current cash value of the family's assets, (the net amount the family would receive if the asset were converted to cash). Acceptable verification may include any of the following: verification forms, letters, or documents from a financial institution or broker; passbooks, checking account statements, certificates of deposit, bonds, or financial statements completed by a financial institution or broker; quotes from a stock broker or realty agent as to net amount family would receive if they liquidated securities or real estate; real estate tax statements if the approximate current market value can be deduced from assessment; financial statements for business assets; copies of closing documents showing the selling price and the distribution of the sales proceeds; appraisals of personal property held as an investment.

- **Assets Disposed of for Less than Fair Market Value (FMV)** - For all certifications and re-certifications, MSGHA will obtain the family's certification as to whether any member has disposed of assets for less than fair market value during the two years preceding the effective date of the certification or re-certification. If the family certifies that they have disposed of assets for less than fair market value, verification is required that shows: (a) all assets disposed of for less than FMV, (b) the date they were disposed of, (c) the amount the family received, and (d) the market value of the assets at the time of disposition. Third party verification will be obtained wherever possible.

- **Child Care Expenses** - Written verification from the person who receives the payments is required. Verifications must specify the child care provider's name, address, telephone number, the names of the children cared for, the number of hours the child care occurs, the rate of pay, and the typical yearly amount paid, including school and vacation periods. MSGHA will also request verification as to whether the certifying individual is a licensed childcare provider and advise the provider that such income may be reported to other sources.

- **Medical Expenses -** All expense claims will be verified by one or more of the methods: written verification by a doctor, hospital or clinic personnel, dentist, pharmacist, of (a) the anticipated medical costs to be incurred by the family and regular payments due on medical bills; and (b) extent to which those expenses will be reimbursed by insurance or a government Authority; written confirmation by the insurance company or employer of health insurance premiums to be paid by the family; written confirmation from the Social Security Administration of Medicare premiums to be paid by the family over the next 12 months.

- **Assistance to Persons with Disabilities** [24 CFR 5.611(c)] - Written certification from a reliable, knowledgeable professional that the person with disabilities requires the services of an attendant and/or the use of auxiliary apparatus to permit him/her to be employed or to function sufficiently

independently to enable another family member to be employed. Family's certification as to whether they receive reimbursement for any of the expenses of disability assistance and the amount of any reimbursement received.

Attendant Care: Attendant's written certification of amount received from the family, frequency of receipt, and hours of care provided. Certification of family and attendant and/or copies of canceled checks family used to make payments.

Auxiliary Apparatus: Receipts for purchases or proof of monthly payments and maintenance expenses for auxiliary apparatus. In the case where the person with disabilities is employed, a statement from the employer that the auxiliary apparatus is necessary for employment is needed.

Verifying Non-Financial Factors [24 CFR 5.617(b)(2)]

In order to prevent program abuse, MSGHA will require applicants to verification of legal identity for all family members. The following documents will be considered acceptable verification of legal identity for adults. If a document submitted by a family is illegible or otherwise questionable, more than one of these documents may be required: certificate of birth, naturalization papers; church issued baptismal certificate; U.S. military discharge (DD 214); or U.S. passport.

Documents considered acceptable for the verification of legal identity for minors may be one or more of the following: certificate of birth; adoption papers or custody agreements.

Familial Relationships

Certification will normally be considered sufficient verification of family relationships. In cases where reasonable doubt exists, the family may be asked to provide verification. Verification of divorce status will be a certified copy of the divorce decree, signed by a Court Officer. Verification of a separation may be a copy of court-ordered maintenance or other legal records. Verification of marriage status is a marriage certificate.

Verification of Permanent Absence of Family Member

If the family reports an adult member who was formerly a member of the household permanently absent, the following information must be presented as verification prior to removing any household member from the assisted household: legal evidence of divorce action; evidence of legal separation; order of protection/restraining order obtained by one family member against another; lease or rental agreement showing the individual listed as the member of another household; a document from a Court or correctional facility stating how long they will be incarcerated, letter from the General Assistance Agency office which stated the number of members receiving the benefits.

Verification of Disability

Verification of disability must be receipt of SSI or SSA disability payments under Section 223 of the Social Security Act or 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7) or verified by appropriate diagnostician such as physician, psychiatrist, psychologist, therapist, rehab specialist, or licensed social worker, using the HUD language as the verification format.

24 CFR 5.216 Disclosure and verification of Social Security and Employer Identification Numbers.

(a) General. The requirements of this section apply to applicants and participants as described in this section, except that this section is inapplicable to individuals who do not contend eligible immigration status under subpart E of this part (see Sec. 5.508).

(b) Disclosure required of assistance applicants. Each assistance applicant must submit the following information to the processing entity when the assistance applicant's eligibility under the program involved is being determined.

(1) The complete and accurate SSN assigned to the assistance applicant and to each member of the assistance applicant's household; and
(2) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

Disclosure required of participants

1. **Initial disclosure.**

(i) Each participant, except those ages 62 or older as of January 20, 2010, whose initial determination of eligibility was begun before January 20, 2010, must submit the information described in paragraph (e)(1)(ii) of this section, if the participant has:

(A) Not previously disclosed a SSN;
(B) Previously disclosed a SSN that HUD or the SSA determined was invalid; or
(C) Been issued a new SSN.

(ii) Each participant subject to the disclosure requirements under paragraph (e)(1)(i) of this section must submit the following information to the processing entity at the next interim or regularly scheduled reexamination or recertification of family composition or income, or other reexamination or recertification for the program involved:

(A) The complete and accurate SSN assigned to the participant and to each member of the participant's household; and

(B) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

2. **Subsequent disclosure**.

Once a participant has disclosed and the processing entity has verified each SSN, the following rules apply:

(i) Addition of new household member who is at least 6 years of age or under the age of 6 and has an assigned SSN. When the participant requests to add a new household member who is at least 6 years of age, or is under the age of 6 and has an assigned SSN, the participant must provide the following to the processing entity at the time of the request, or at the time of processing the interim reexamination or recertification of family composition that includes the new member(s):

(A) The complete and accurate SSN assigned to each new member; and
(B) The documentation referred to in paragraph (g)(1) of this section to verify the SSN for each new member.

(ii) Addition of new household member who is under the age of 6 and has no assigned SSN.

(A) When a participant requests to add a new household member who is under the age of 6 and has not been assigned a SSN, the participant shall be required to provide the complete and accurate SSN assigned to each new child and the documentation referred to in paragraph (g)(1) of this section to verify the SSN for each new child within 90 calendar days of the child being added to the household.

(B) The processing entity shall grant an extension of one additional 90-day period if the processing entity, in its discretion, determines that the participant's failure to comply was due to circumstances that could not have reasonably been foreseen and were outside the control of the participant. During the period that the processing entity is awaiting documentation of a SSN, the processing entity shall include the child as part of the assisted household and the child shall be entitled to all the benefits of being a household member. If, upon expiration of the provided time period, the participant fails to produce a SSN, the processing entity shall follow the provisions of Sec. 5.218.

(iii) Assignment of new SSN. If the participant or any member of the participant's household has been assigned a new SSN, the participant must submit the following to the processing entity at either the time of receipt of the new SSN; at the next interim or regularly scheduled reexamination or recertification of family composition or income, or other reexamination or recertification; or at such earlier time specified by the processing entity:

(A) The complete and accurate SSN assigned to the participant or household member involved; and

(B) The documentation referred to in paragraph (g)(1) of this section to verify the SSN of each individual.

SECTION 8
VOUCHER ISSUANCE AND BRIEFINGS

General (24CFR 982.301, 982.302]

MSGHA's goals and objectives are designed to assure that families selected to participate are equipped with the tools necessary to locate an acceptable housing unit; that families are provided sufficient knowledge and information regarding the program; and, how to achieve maximum benefit while complying with program requirements. When eligibility has been determined, MSGHA will conduct a mandatory briefing to ensure that families know how the program works.

The briefing will provide a broad description of owner and family responsibilities, program procedures, and how to lease a unit. The family will also receive a briefing packet, which provides more detailed information about the program including the benefits of moving outside areas of poverty and minority concentration. This Chapter describes how briefings will be conducted, the information that will be provided to families, and the policies for how changes in the family composition will be handled.

Issuance of Vouchers [24 CFR 982.204(d), 982.54(d)(2)]

When funding is available, MSGHA will issue vouchers to applicants whose final eligibility has been determined. MSGHA will strive to maintain 100% utilization of all program funds. Program capacity will be closely monitored to determine success rates, average lease up time, and monthly turnover. This statistical information will serve as the basis to determine the number of vouchers to be issued on an ongoing basis to achieve the 100% utilization rate.

Briefing Types and Required Attendance [24 CFR982.301]

Initial Applicant Briefing

A full program briefing will be conducted for applicant families who are determined to be eligible for assistance. The briefings could be conducted in groups. However, families who attend group briefings and still have the need for individual assistance will be referred to eligibility staff for additional guidance. All briefings will be conducted in Spanish. Other reasonable accommodations will be provided to individuals who are disabled upon notification to MSGHA. While we recognize the inconvenience to the family, children will not be permitted at the briefing session in order to ensure an informative learning environment that will meet the needs of all applicants.

The purpose of the briefing is to explain how the program works and distribute the required documents in the voucher packet to applicants. This will enable families to utilize the program to their advantage, and prepare them to discuss the Housing Choice

Voucher Program with potential owners and property managers.

MSGHA will not issue a voucher to an applicant family unless the household representative has attended a briefing and signed the voucher form. Applicants who provide prior notice of inability to attend a briefing will automatically be scheduled for the next briefing. Applicants who fail to attend two (2) scheduled briefings will be denied admission based on failure to supply information needed for certification.

Briefing Packet [24 CFR 982.301(b)]

The documents and information provided in the briefing packet for the voucher program include the following required items:

- HUD approved voucher form indicating the term of the voucher;
- MSGHA's policy for requesting extensions of the voucher;
- A description of the method used to calculate the housing assistance payment for a family; including Payment Standards and Tenant Total Payment for a family.
- Explanation of the maximum allowable rent for an assisted unit including the rent reasonableness standard and affordability standards;
- Where the family may lease a unit;
- HUD required tenancy addendum;
- HUD approved Request for Tenancy Approval (RTA) form;
- A statement of the MSGHA policy on providing information about families to prospective owners;
- PHA Subsidy Standards
- HUD brochure "A Good Place to Live" on how to select a unit that complies with HQS;
- Fair Housing rights and a housing discrimination complaint form;
- Available information related to prospective rental units; including reasonable accommodation;
- Owner and family responsibilities;
- Applicants rights to a review of MSGHA decisions and participants rights to informal hearings;
- Maps with housing opportunity outside areas of poverty & minority concentration
- List of schools, jobs opportunities and services in the area;
- Portability procedures and an explanation of how portability works;
- Information about the Section 8 Homeownership Program
- Information about the FSS Program

Housing Opportunity and Mobility

MSGHA will provide mobility counseling to assist applicants and program participants with assistance in locating to areas of low poverty. An analysis of unit location will be conducted by zip code and census tract and, compared with census data on poverty levels.

Security deposit: Amounts owed by tenant 24 CFR 982.313

The payment of a security deposit is an issue strictly between the owner and the voucher holder. The owner is not required to, but may collect a security deposit from the assisted household in accordance with local market practices. Security deposits charged by owners may not exceed those charged to unassisted households nor exceed the maximum prescribed by state or local law.

When the tenant moves out of the dwelling unit, the owner, subject to State or local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid rent payable by the tenant, damages to the unit or for other amounts the tenant owes under the lease.

The owner must give the tenant a written list of all items charged against the security deposit, and the amount of each item. After deducting the amount, if any, used to reimburse the owner, the owner must refund promptly the full amount of the unused balance to the tenant.

If the security deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may seek to collect the balance from the tenant.

The Section 8 program does not assist with security deposit payments and the Housing Choice Voucher Program does not provide for any special claims or payments for unpaid rent, damages or vacancy loss to the owner.

Term of Voucher [24 CFR 982.303, 982.54(d)(11)]

During the briefing session, each household will be issued a voucher, which represents a contractual agreement between MSGHA and the Family, specifying the rights and responsibilities of each party. It does not constitute admission to the program, and the family remains an applicant, until such time that a lease and contract become effective.

The voucher is valid for a period of sixty calendar (60) days from the date of issuance. The family must submit a Request Tenancy Approval (RTA) within the sixty-day period or request an extension in accordance with the extension provisions outlined below.

If the Voucher has expired, and has not been extended, the family will be denied assistance. The family will not be entitled to a review or hearing. If the family is currently assisted, they may remain as a participant in their unit if there is an assisted lease/contract in effect.

Extensions of the Voucher

Extensions will be granted only if the family provides a written documented record to MSGHA indicating property owners contacted, units visited and the reasons why these units were unacceptable. Extensions will be granted for a period of an additional **30**

days.

The family must submit an acceptable RTA within the extension period or assistance will be denied. The family will not be entitled to a review or a hearing.

MSGHA will extend the voucher term up to **120** days from the beginning of the initial term if the family needs and makes a written request for an extension as a reasonable accommodation to make the program accessible to and usable by a family member with a disability, provided that such request is made prior to the expiration of the initial term of the voucher.

Voucher Issuance Determination for Split Households (24 CFR 982.315]

In those instances when a family assisted under the Section 8 program becomes divided into two otherwise eligible families due to divorce, legal separation, or the division of the family, and the new families cannot agree as to which new family unit should continue to receive the assistance, and there is no determination by a court, MSGHA will issue the voucher to the family member who retains custody of the greatest number of minor children.

The factors to be considered in making this decision under the PHA policy may include:
(1) Whether the assistance should remain with family members remaining in the original assisted unit.
(2) The interest of minor children or of ill, elderly or disabled family members.
(3) Whether family members are forced to leave the unit as a result or actual or threatened physical violence against family members by a spouse or other member of the household.
(4) Other factors specified by the PHA.

If a court determines the disposition of property between members of the assisted family in a divorce or separation under a settlement or judicial decree, the PHA is bound by the court's determination of which family members continue to receive assistance in the program.

Transfer and Retention of Voucher [24 CFR 982.315]

Assistance may only be transferred to someone other than the designated head of household or co-head of household if the head or co-head involuntarily leave the household. No household member may voluntarily assign the assistance to another household member. Assistance will only be transferred if a remaining member of the household is a sole member or legally obtains custody of the remaining minor members of the household. To be considered the remaining member of the assisted family, the person must have been previously approved by MSGHA to be living in the unit, identified on the HUD 50058 at the most recent re-certification and be listed on the most recent lease agreement with the owner.

A live-in attendant, by definition, will not be considered a remaining member of the

family and will not be entitled to any continued assistance if the person who they were assisting ceases to receive assistance for any reason. A minor child may only be considered as a remaining member of the household if a court has awarded emancipated minor status to the minor. A reduction in family size may require a corresponding reduction in the voucher family unit size.

SECTION 9
APPROVAL OF TENANCY AND CONTRACT EXECUTION

General [24 CFR 982.302]

MSGHA'S program operations are designed to utilize available resources in a manner that is efficient and provides eligible families timely assistance based on the number of units that have been budgeted. Program objectives include maximizing HUD funds by providing assistance to as many eligible families and for as many eligible units as the budget will allow.

After families are issued a voucher, they may search for a unit anywhere within the designated jurisdiction. The family must find an eligible unit under the program rules, with an owner/landlord who is willing to enter into a Housing Assistance Payments Contract with MSGHA. This Chapter defines the types of eligible housing, MSGHA'S policies, which pertain to initial inspections, lease requirements, owner disapproval, and the processing of Requests Tenancy Approval (RTA).

Request for Approval of Tenancy [24 CFR 982.302, 982.305(b)]

The family must submit the Request for Approval of Tenancy (RTA) during the term of the voucher. The family must submit the RTA in the form and manner required by MSGHA as follows:

- All corresponding blanks on the RTA form must be fully completed and legible, including the age of the building or the most recent rent charged;
- The form must be signed by both the owner and voucher holder;
- The family may not submit more than one RTA at a time.

The PHA will review the RTA documents to determine whether or not they are approvable based on the following criteria:

- The unit is an eligible type of housing under the program;
- The rent to owner plus tenant paid utilities does not exceed the applicable payment standard for the bedroom size of the voucher issued to the family; or the rent requested meets the affordability test (does not exceed 40% of the households monthly adjusted income); and,
- The rent is reasonable in comparison to unassisted like units in the same location.

If MSGHA cannot approve the RTA based on any of the above, MSGHA staff will contact the owner to determine if they are willing to negotiate within terms that would be

approvable under the program requirements. If the owner and MSGHA are unable to reach acceptable terms, the voucher holder will be notified within 5 days and advised that the unit is not acceptable. The voucher holder will have the remaining period on their voucher to locate an acceptable unit. The voucher time will be suspended or "tolled" during this period.

Eligible Types of Housing [24 CFR 982.353]

Any of the following types of housing are eligible to be considered for assistance under the Housing Choice Voucher Program:

- All structure types: single family, duplex, multi-family, low rise or high-rise;
- Manufactured homes where the assisted family leases the mobile home and the pad;
- Manufactured homes where the assisted family owns the mobile home and leases the pad;
- Group Homes or shared housing;
- Congregate and Assisted Living facilities (only the shelter rent is assisted);
- Single Room Occupancy facilities;
- Units owned (but not subsidized) by the PHA;
- Units being purchased by the assisted family in accordance with the Section 8 Homeownership criteria;
- A cooperative housing development in which the family owns shares would still be considered a lease arrangement under the voucher program.

Lease Review [24 CFR 982.308]

The family and owner must submit a standard form lease commonly used in the Municipality of San Germán and that is used for the owner's unassisted tenants at the premises. The terms and conditions of the lease must be consistent with State and local law. The lease must specify what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the family.

The initial term of the lease agreement must be for a minimum of 12 months unless MSGHA determines that a shorter term will improve housing opportunities for the assisted household. Owners may elect to execute a lease for an indefinite extension of the initial term (the endless lease), which will allow the owner the ability to terminate tenancy during the lease only by instituting a court action. However, owners may elect fixed, definite extensions of the initial lease, such as year-to-year. This option allows the owner to terminate tenancy without cause at the end of the initial term or any subsequent term.

The HUD prescribed tenancy addendum, which is attached to the Housing Assistance Payments contract, as Part C, will always take precedence over any other terms and conditions in the owner's lease with the tenant. House rules of the owner may be attached to the lease as an addendum, provided they do not violate any fair housing provisions and do not conflict with the HUD tenancy addendum.

Actions before Lease Term

All of the following must always be completed before the beginning of the initial term of the lease for a unit: the unit has been inspected and meets all requirements of the federal Housing Quality Standards; the landlord and the tenant have executed the lease, the rent on the lease agreement is consistent with the rent approved by MSGHA, and includes the HUD-prescribed tenancy addendum; and MSGHA has approved leasing of the unit in accordance with program requirements

Information To Owners [24 CFR 982.307(b), 982.54(d)(7)]

Upon written request from a prospective property owner, MSGHA will provide the following information about a program applicant and/or participant.

- Current address & prior address as reflected in the file;
- Names & address of the current and prior landlord;
- Former address if reflected in the file;

When a family wants to lease a dwelling unit, the PHA may offer the owner other information in the PHA possession, about the family, including information about the tenancy history of family members, or about drug-trafficking by family members.

The PHA will give the family a statement of the PHA policy on providing information to owners. The statement must be included in the information packet that is given to a family selected to participate in the program. The PHA policy must provide that the PHA will give the same types of information to all families and to all owners.

In cases involving a victim of domestic violence, dating violence, and stalking, 24 CFR part 5, subpart L, applies.

MSGHA will inform owners that it is the responsibility of the landlord to determine the suitability of prospective tenants. Owners will be encouraged to screen applicants for rent payment history, payment of utility bills, eviction history, respecting the rights of other residents, damage to units, drug-related criminal activity or other criminal activity that is a threat to the health, safety or property of others, and compliance with other essential conditions of tenancy.

A statement of the MSGHA'S policy on release of information to prospective landlords will be included in the briefing packet, which is provided to the family.

Contract Execution Process [24 CFR 982.305(c)]

The Housing Assistance Payments Contract will be prepared by MSGHA upon approval of the RTA and a passing inspection indicating that the unit is in compliance with all Federal Housing Quality Standards. Owners will be required to come to the MSGHA Section 8 office for contract signing for all new units placed under contract for the first

time. Owners will be notified of the contract signing date and MSGHA will make every effort to coordinate contract-signing appointments at the same time for multiple units.

Owners will be required to provide proof of ownership for the assisted unit in a form acceptable to MSGHA. The HAP contract will be executed in the manner indicated on the proof of ownership. If the owner has assigned an agent to represent the owner, then appropriate documentation must be provided prior to execution of the HAP contract.

If MSGHA fails to prepare the contract and schedule a contract signing appointment prior to the approved lease effective date, housing assistance will be retroactive to the date the unit passed inspection or the lease effective date whichever is later. However, if the owner fails to attend the scheduled contract signing and does not contact MSGHA to re-schedule, the housing assistance payment will be effective on the date the owner actually signs the contract.

Separate Agreements

Families and owners will be advised of the prohibition of illegal side payments for additional rent, or for items normally included in the rent of unassisted families, or for items not shown on the approved lease. However, owners and families may execute separate agreements for services, appliances (other than range and refrigerator) and other items that are not included in the lease if the agreement is in writing and approved by MSGHA.

The family is not liable under the lease for unpaid charges for items covered by separate agreements and nonpayment of these agreements cannot be cause for eviction. Any appliances, services or other items, which are routinely provided to unassisted families as part of the lease (such as air conditioning, dishwasher or garage) or are permanently installed in the unit, cannot be put under separate agreement and must be included in the lease. MSGHA will only approve a separate agreement if the family has the option of not utilizing the service, appliance or other item.

SECTION 10
HOUSING QUALITY STANDARDS AND INSPECTIONS

General [24 CFR 982.401]

The Housing Quality Standards (HQS) are federal standards established by HUD that serve to measure the minimum quality of housing acceptable in the Section 8 Housing Programs. HQS standards are utilized to inspect housing units at initial occupancy and during the term of the Housing Assistance Payments contract. HQS standards apply to the building and premises, as well as the unit. Newly leased units must pass the HQS inspection before the beginning date of the HAP contract. MSGHA will inspect each unit under contract at least annually. MSGHA will also maintain a quality control inspection program, which will re-inspect a minimum of 1 unit per month of all inspections on a monthly basis to assure consistency of enforcement of HQS.

This Chapter describes MSGHA's procedures for performing HQS and other types of inspections, and standards for the timeliness of repairs. It also explains the responsibilities of the owner and family, and the consequences of non-compliance with HQS requirements for both families and owners.

Guidelines/Types of Inspections [24 CFR 982.401(a), 982.405]

Effort will be made at all times to encourage owners to provide housing above HQS minimum standards. However, MSGHA will not promote any additional acceptability criteria, which is likely to adversely restrict housing choice.

The following types of inspections will be conducted as required:

- **Annual** - an inspection conducted on a property prior to its re-certification date;
- **Re-inspection** - an inspection of a property which failed its annual inspection;
- **24-Hour Re-inspection** – an inspection on a property which had a failing item considered a 24-hour emergency situation;
- **RTA/Initial** - inspection on a property which the tenant has selected and is requesting approval of a new unit;
- **Complaint** - inspection on a property which has been requested by the resident or other involved party due to perceived problems with the property;
- **Courtesy** - inspection requested on a property which is not yet a part of the HAP program but is being considered, by the landlord, for participation in the program;
- **Abatement Cure** - inspection on property where abatement has commenced but is still within the thirty-day window prior to termination;
- **Re-instatement inspection** - inspection in which the contract was terminated but a determination has been made to re-instate the contract;
- **QA (Quality Assurance)** – 5% re-inspection by a supervisor of units previously inspected;

- **QA Re-inspection** - re-inspection on a failed QA;
- **Vacate Inspection(optional)** - a move out inspection conducted because the owner is entitled to a special claim.

Timing of HQS Inspection

Inspections will be conducted in accordance with the following timeframes:

Type of Inspection	To Be Scheduled	To be Completed
Initial	Within 48 hours from completion of rent negotiations	Within 15 business days from schedule.
Annual	90 days prior to anniversary date	60 business days prior to anniversary date
Compliance	Within 3 business days from request	Within 10 business days from schedule
Courtesy	Within 3 business days from request	Within 10 business days from schedule
Emergency Re-inspection	Within 24 hours	Within 24 hours of initial inspection
Annual Re-inspection	Upon notification by owner that the repairs have been completed by no later than 60 business days prior to the anniversary date.	Within 30 business days prior to anniversary date
Other Re-inspection	3 business days from notification by landlord that unit is ready for re-inspection	Within 15 business days from schedule.

The family must allow the PHA to inspect the unit at reasonable times with reasonable notice. Reasonable hours to conduct an inspection are between 9:00am and 2:00. Notice will be provided to the family and the owner with a minimum of fifteen (15) days prior to the first attempt for an inspection. The family and/or the owner will be notified by telephone or by a letter of a scheduled re-inspection.

Two attempts will be made for all inspection types. If access to the unit cannot be obtained after the second attempt, the unit will be considered in non-compliance with the HQS standards and appropriate action will be taken based on the inspection type. Responsibility for access for annual inspections and any related required re-inspections is the responsibility of the assisted household and failure to provide access is a violation of the family obligations under the voucher contract.
Access for all other inspection types is the responsibility of the owner. The landlord must correct all HQS deficiencies, which cause a unit to fail, unless it is a fail for which the tenant is responsible.

Time Standards for Repairs

The owner must correct emergency items, which endanger the family's health or safety, within 24 hours from the initial inspection. Non-emergency repairs must be made within 15 business days from the date of an initial inspection or re-inspection and within 30 days from the date of all other inspections or re-inspections. If a unit fails to comply with HQS at an initial inspection or re-inspection, the applicant will be notified to continue their search for housing within the time frame remaining on the voucher. If a unit fails to comply with HQS at any other inspection, actions will be taken as described below. *The owner will be able to request an extension of days for the repairs can be done, based on a case by case manner.*

Modifications

MSGHA will strictly use the federal Housing Quality Standards for acceptance of units under the Housing Choice Voucher Program. Any modifications or adaptations to a unit to permit a reasonable accommodation for a person with a disability must meet all applicable HQS requirements.

Emergency Repair Items [24 CFR 982.404(a)]

The following items shall be defined as emergency and must be corrected within 24 hours of the initial inspection:

- Lack of an operable smoke detector;
- Ceiling damage reflecting imminent danger of falling;
- Major plumbing leaks or flooding;
- Natural gas leaks or fumes;
- Electrical problems which could result in shock or fire;
- No heat when outside temperature is below 40 degrees Fahrenheit and temperature inside unit is below 62 degrees Fahrenheit.
- Utilities not in service
- No running hot water
- Broken glass where someone could be injured
- Obstacle which prevents tenant's entrance or exit
- Lack of operable toilet and/or tub or shower

If the emergency repair item(s) are not corrected in the time period required and the owner is responsible for the repair, the housing assistance payment will be abated in accordance with the procedures outlined further in this plan.

If the emergency repair item(s) are not corrected in the time period required, and the assisted household caused the damage, a notice of pending termination will be issued to the to the family in accordance with the termination procedures outlined further in this plan.

Abatement and Contract Termination

Failure for a unit under contract to pass a re-inspection will result in abatement of the Housing Assistance Payment. Abatement means that a daily pro-ration of the Housing Assistance Payment will be deducted from any future payments for each day that the unit is not in compliance with the HQS standards. A notice of abatement will be sent to the owner informing them that abatement will commence effective the first of the month following the date of notification of abatement. The abatement period will not extend beyond 30 days.

If the owner has not made the required repairs during the abatement period, the Housing Assistance Payments contract will be terminated in accordance with the provisions in the contract. The assisted family will be notified of the termination and will be advised to secure program move documents to commence search for a new housing unit. Once a termination notice has been issued, the HAP contract will not be re-instated even if the landlord proceeds to make repairs.

Determination of Responsibility for Repairs [24 CFR 982.404, 982.54(d)(14)]

The following HQS deficiencies are the responsibility of the family:

- Tenant-paid utilities not in service;
- Failure to provide or maintain family-supplied appliances;
- Documented damage to the unit or premises caused by a household member or guest beyond which is obvious as beyond normal wear and tear;
- Placement of large items of trash or inoperable vehicles anywhere on the assisted unit premises;
- Failure to maintain lawn and surrounding areas if a single-family structure.

“Normal wear and tear” is defined as items, which can be charged against the tenant security deposit under state law or court practice.

All other HQS violations shall be the responsibility of the owner including for vermin infestation even if caused by the family's living habits. However, if such infestation is serious and repeated, it may be considered a lease violation and the owner may take appropriate action in accordance with the lease. If the family is responsible for

deficiencies but the owner carries out the repairs, the owner will be encouraged to bill the family for the cost of the repairs and the family's file will be noted.

Consequences If Family Is Responsible [24 CFR 982.404(b)]

If emergency or non-emergency violations of HQS are determined to be the responsibility of the family, the PHA will require the family to make any repair(s) or corrections within 24 hours for emergency items and 30 days for non-emergency items. If the repair(s) or correction(s) are not made in this time period, the PHA will terminate assistance to the family, after providing an opportunity for an informal hearing. The owner's rent will not be abated for items, which are the family's responsibility. If the tenant is responsible and corrections are not made, the HAP contract will terminate when assistance is terminated.

PHA initial and periodic unit inspection [24 CFR 982.405(b), 24 CFR 985.2]

The MSGHA will conduct supervisory quality control HQS inspections monthly, based on Quality Control sample which is 5 plus 1 for each 50 over 50 of families assisted.

SECTION 11
RENT AND PAYMENT STANDARDS

General [24 CFR 982.503, 982.505]

It is MSGHA'S responsibility to ensure that Payment Standards are sufficient to assure maximum program utilization, to provide program applicants and participants with adequate housing choice and to assure that the rents charged by owners at the time of initial lease up and at each annual re-certification are reasonable based upon unassisted comparable units in the rental market. This Chapter explains MSGHA'S procedures for determination of rent-reasonableness, payments to owners, adjustments to the Payment Standards, and rent adjustments.

Initial Rent to Owner

MSGHA will review the following items to determine if the rent requested by the owner meets the program requirements as follows:

- The requested rent plus the cost of tenant paid utilities (calculated on the most recent program utility allowance schedule) cannot exceed the applicable payment standard; or,

- Total tenant payment can exceed 40% of the assisted family's monthly-adjusted income.

- The rent to owner must be reasonable in comparison to rent for other comparable unassisted units.

Making Payments to Owners [24 CFR 982.451]

Once the HAP Contract is executed, MSGHA will commence processing payments to the landlord. A contract action form will be completed by each caseworker for all contract actions processed throughout the month. A month end process will occur on or around the 28th day of each month to process all housing assistance payments for the first of the following month. A HAP register and detailed reconciliation process will be used each month as a basis for monitoring the accuracy and timeliness of payments.

Payment will be made on a master basis for all units under contract with a single property owner. Payments for different properties will only be processed if the owner provides a separate federal tax identification number. All payment will be made via direct deposit into an account designated by the property owner, to does owner that have selected this method of payment. A statement will be mailed to owners detailing the payments. All non direct deposit owners will be paid by check payable directly to them or to who they by written designed.

If payment is delayed beyond the fifth day of the month, MSGHA will be responsible for payment of late fees to the owner in accordance with the late fees identified in the lease agreement but not to exceed a total of $50.00. The owner may also charge the tenants for late payment of family rent to owner.

MSGHA will not be obligated to pay any late payment penalty if HUD determines that late payment is due to factors beyond MSGHA'S control, such as a delay in the receipt of program funds from HUD. MSGHA will not use any program funds for the payment of late fee penalties to the owner.

The monthly housing assistance payment by the PHA is credited toward the monthly rent to owner under the family's lease.

The total of rent paid by the tenant plus the PHA housing assistance payment to the owner may not be more than the rent to owner. The owner must immediately return any excess payment to the PHA.

The part of the rent to owner which is paid by the tenant may not be more than:

- The rent to owner; minus
- The PHA housing assistance payment to the owner.

The owner may not demand or accept any rent payment from the tenant in excess of this maximum, and must immediately return any excess rent payment to the tenant.

The family is not responsible for payment of the portion of rent to owner covered by the housing assistance payment under the HAP contract between the owner and the PHA. See Sec. 982.310(b).

The PHA is not obligated to pay any late payment penalty if HUD determines that late payment by the PHA is due to factors beyond the PHA's control. The PHA may add HAP contract provisions which define when the housing assistance payment by the PHA is deemed received by the owner (e.g., upon mailing by the PHA or actual receipt by the owner).

Rent Reasonableness Determinations [24 CFR 982.507]

A rent reasonableness test will be conducted to determine if the requested rent is reasonable in comparison to rent for other comparable unassisted units in the market. Rent reasonable tests will be conducted for the following:

- An initial rent requested on the RTA form;
- Prior to any increase in the rent to owner;
- If there is a five percent decrease in the published FMR 60 days before the contract anniversary;
- If directed by HUD; and,
- Based on a need identified by MSGHA.

At all times during the assisted tenancy, the rent to owner may not exceed the reasonable rent as most recently determined or re-determined by MSGHA. The owner will be advised that by accepting each monthly housing assistance payment s/he will be certifying that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the premises. If requested, the owner must provide MSGHA with information on rents charged by the owner for other units in the premises or elsewhere.

Rent reasonable data will be gathered from various sources, which maintain a master database for all multi-family rental properties in the Municipality of San Germán. Supplemental data may be gathered from newspapers, realtors, and professional associations. The market areas for rent reasonableness are zip codes and census tracts within San Juan.

The following items will be used for rent reasonableness documentation:

- Location, quality & size of the unit;
- Number of Bedrooms and bathrooms;
- Other identifiable amenities;
- Type and age of structure; and
- Tenant paid utilities.

A search will be conducted in the MSGHA rent reasonable database to identify comparable units by the factors identified above. A minimum of two similar units will be identified and the corresponding data will be recorded on the rent reasonableness form.

This data will be compared with the requested rent for the assisted unit. If the requested rent is greater than the comparable units selected, MSGHA will negotiate with the owner to reach an agreed upon rent amount that meets the rent reasonable test. If the rent is less than the comparables, MSGHA will approve the rent increase.

Payment Standards for the Voucher Program [24 CFR 982.503]

The Payment Standard is used to calculate the housing assistance payment for a family and is based on Fair Market Rents (FMR) published by HUD on an annual basis for the Municipality of San Germán. MSGHA has established the payment standards between 90%-110%of the published fair market rents.
MSGHA will review the appropriateness of the Payment Standard annually when the new FMR is published. In determining whether a change is needed, MSGHA will consider all available resources including special requests to HUD to increase the published FMR from the 40th percentile of the area median to the 50th percentile, if warranted, to assure maximum housing choice for program applicants and participants and to encourage continued movement to areas of low poverty.

When reviewing the payment standard on an annual basis, MSGHA will also consider the available budget authority and determine if a reduction in payment standards is needed including an amount below 90% of the published FMR, to assist a maximum number of households up to MSGHA'S baseline allocation. If it is determined that payment standards below 90% of FMR is needed, a waiver will be secured from HUD with corresponding justification.

Case by case reviews of a higher payment standard will be considered as a reasonable accommodation for a family that includes a person with disabilities. If appropriate, MSGHA will make a request to HUD to use a payment standard up to 120% of the FMR.

Increase in Owner Rent (24 CFR 982.308 (g)

The owner is required to notify MSGHA, in writing, at least 30 days before any change in the amount of the rent to owner is scheduled to go into effect. MSGHA will issue a notice to the owner of the upcoming anniversary date of a contract 60 to 90 days in advance of the anniversary date.

Any changes in the rent to owner must comply with all provisions of the rent reasonableness requirements, and the availability of budget.

SECTION 12
RE-CERTIFICATIONS

General - [24 CFR 982.516]

MSGHA will reexamine the income and household composition of all assisted families at least annually. Families will be provided accurate annual and interim rent adjustments. Re-certifications and interim examinations of income will be processed in a manner that ensures families are given reasonable notice of rent increases. This Chapter defines MSGHA's policy for conducting annual re-certifications and coordinating annual activities. It also explains the interim reporting requirements for families, and the standards for timely reporting.

Annual Activities [24 CFR 982.516, 982.405]

There are three activities that must be completed on an annual basis as follows:

- Re-certification of Income and Family Composition
- HQS Inspection
- Determination of rent reasonableness for any requested rent increase.

Annual Re-certification [24 CFR 982.516]

MSGHA will maintain a re-certification schedule and households will be notified by letter of the date and time for scheduled appointments a minimum of at lease 75 calendar days in advance of the anniversary date of their lease and Housing Assistance Payments contract. A listing of all required documentation necessary for the annual re-certification will be provided to the family with the notification of scheduled appointment. This information includes all documentation necessary to verify income, assets, allowances and deductions along with any additions or deletions of household members.

The head of household and spouse or co-head are required to be present at the re-certification interview. If the head of household is unable to attend the interview the appointment will be rescheduled. The family may call to request another appointment date up to ten (10) days prior to the scheduled interview (unless an emergency situation occurs) and every effort will be made to accommodate the family's request. Considerations for appointment dates and times will be given to assisted household's whose head or co-head are employed full time during normal working hours.

If the family does not appear for the re-certification interview, and has not rescheduled or made prior arrangements, the caseworker will issue a notice of termination of assistance, notifying the family of their right to an informal hearing. However, if the family schedules and maintains an appointment prior to the expiration date of the time limit to request a hearing, the termination action will be suspended.

If the outcome of the annual re-certification results in an increase in the tenant rent, a thirty-day (30) notice will be letter to the family prior to the scheduled effective date of the annual re-certification. If less than thirty days are remaining before the scheduled effective date of the annual re-certification, the tenant rent increase will be effective on the first of the month following a thirty day notice.

If there has been a misrepresentation or a material omission by the family, or if the family causes a delay in the reexamination processing, there will be a retroactive increase in rent to the scheduled effective date of the annual re-certification.

If tenant rent decreases, it will be effective on the anniversary date. If the family causes a delay so that the processing of the reexamination is not complete by the anniversary date, the rent decrease will be effective on the first day of the month following completion of the reexamination processing by MSGHA.

Interim Re-certifications [24 CFR 982.516]

Program participants are required to report all changes in household composition between annual re-certifications. This includes additions due to birth, adoption, marriage, court-awarded custody and any other. The family must obtain PHA and owners approval prior for all additions to the household prior to adding that person to the lease agreement.

If any new family member is added, an interim re-certification will be conducted to include any income of the new family member.

If a family reports zero income at the time of the annual re-certification and later obtain an income, an interim re-certification will be conducted.

Participants may choose to report a decrease in income and other changes, which would reduce the amount of tenant rent, such as an increase in allowances or deductions. If these changes are reported and it will result in a change in tenant rent, an interim re-certification will be completed.

Changes in rent for interim re-certification will become effective:

- ✓ Decrease - the first of the month following the date of the reported change, if the family failed to report the change as required, the notice may or not be effective retroactively.
- ✓ Increase – on the first of the month after giving reasonable written notice if the family failed to report the change as required, the notice may or not be effective retroactively.

Income Changes Resulting From Welfare Program Requirements (24 CFR 5.615)

Decreases in income resulting from changes or discontinuance of welfare benefits will be processed as follows:

- Tenant rent will not be decreased if welfare assistance is reduced because of fraud, failure to participate in an economic self-sufficiency program, or noncompliance with a work activities requirement.

- Tenant rent will be decreased if welfare assistance is reduced because of the expiration of a lifetime time limit on receiving benefits or a situation where the family has complied with welfare program requirements but cannot or has not obtained employment.

SECTION 13
PROGRAM MOVES AND PORTABILITY

General - [24 CFR 982.314, 982.353, 982.355]

HUD regulations permit families to move with continued assistance to another unit within MSGHA'S jurisdiction, or to a unit outside of MSGHA'S jurisdiction under the program portability provisions. The regulations also allow discretion to develop policies, which define any limitations or restrictions on moves. This Chapter defines the procedures for moves, both within and outside of MSGHA'S jurisdiction, and the policies for restriction and limitations on moves.

Permissible Moves 24 CFR 982.314

Families will be permitted to move during the initial year of occupancy. Assisted households will be provided with program move documents for a voluntary move at the time of their admission. Every effort will be made by MSGHA to coordinate program moves with all regularly scheduled annual activities.

A participant family may move one or more times with continued assistance under the program, either inside the PHA jurisdiction, or under the portability procedures. (See Sec. 982.353).

Program move documents for mandatory moves may be issued at times other than annual re-certification for the following reasons:

- The Housing Assistance Program Contract is terminated by MSGHA for the owner's failure to comply with HQS or other terms of the contract;
- The owner has given the tenant a notice to vacate, or has commenced an action to evict the tenant, or has obtained a court judgment or other process allowing the owner to evict the tenant;
- A household member is newly diagnosed with a disability, which requires a reasonable accommodation.
- The tenant has given notice of lease termination (if the tenant has a right to terminate the lease on notice to the owner, for owner breach or otherwise)

Prior to issuance of program move documents; the family must present a notice of intent to move form signed by the owner and the family indicating that the family is current with all rent payments, has caused no damages beyond normal wear and tear, and is otherwise in compliance with all terms and conditions of the lease agreement. Upon receipt of this form, program move documents and a program move briefing will be provided to the family by their assigned caseworker. If the scheduled annual re-certification was completed more than 120 days prior to the program move, a complete re-certification will be conducted prior to issuance of the program move briefing packet. The annual re-certification date will be changed to coincide with the lease-up date for the new assisted unit.

Notice that family wants to move

If the family terminates the lease on notice to the owner, the family must give the PHA a copy of the notice at the same time. If the family wants to move to a new unit, the family must notify the PHA and the owner before moving from the old unit. If the family wants to move to a new unit that is located outside the initial PHA jurisdiction, the notice to the initial PHA must specify the area where the family wants to move.

When PHA may deny permission to move

MSGHA will not permit families to exercise portability if the family is in violation of any family obligations under their Housing Choice Voucher; if the family owes any money to MSGHA; if the family has vacated the assisted unit in violation of the lease agreement and/or if there is not enough fund to pay the receiving PHA if they will be billing, *if at the moment there is not enough fund as soon as there is a turnover the Port-out will be issued if the family still is interested in porting out as it states in the notice PIH 2008-43 (HA).*

Where family can lease a unit with tenant-based assistance [24 CFR 982.353]

Portability applies to families moving out of or into MSGHA'S jurisdiction within the United States and its territories from another geographic location.

Within the limitations of the regulations and this policy, a participant family has the right to receive tenant-based voucher assistance to lease a unit anywhere in the United States where a Public Housing Authority operates a tenant-based assistance program.

Assistance outside the initial PHA jurisdiction.

Subject to Section, and to Sec. 982.552 and Sec. 982.553, a voucher-holder or participant family has the right to receive tenant-based voucher assistance in accordance with requirements of this part to lease a unit outside the initial PHA jurisdiction, anywhere in the United States, in the jurisdiction of a PHA with a tenant-based program under this part. The initial PHA must not provide such portable

assistance for a participant if the family has moved out of the assisted unit in violation of the lease, except that if the family moves out in violation of the lease in order to protect the health or safety of a person who is or has been the victim of domestic violence, dating violence, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the dwelling unit, and has otherwise complied with all other obligations under the Section 8 program, the family may receive a voucher from the PHA and move to another jurisdiction under the housing choice voucher program.

An applicant doesn't have to reside within the jurisdiction of the Municipality of San Germán Housing Authority for one year prior to exercising the portability option. Households with MSGHA vouchers will not be limited to port to jurisdictions in which the payment standards are equal of less than the payment standards in effect at MSGHA at the time of the request to port.

Nonresident applicants

This applies if neither the household head or spouse of an assisted family already had a "domicile" (legal residence) in the jurisdiction of the initial PHA at the time when the family first submitted an application for participation in the program to the initial PHA.

The following apply during the 12 month period from the time when a family is admitted to the program:

(i) The family may lease a unit anywhere in the jurisdiction of the initial PHA;
(ii) The family does not have any right to portability;
(i) The initial PHA may choose to allow portability during this period.

If both the initial PHA and a receiving PHA agree, the family may lease a unit outside the PHA jurisdiction under portability procedures.

Income eligibility

For admission to the program, a family must be income eligible in the area where the family initially leases a unit with assistance under the program. If a portable family is a participant in the initial PHA Section 8 tenant-based program (either the PHA voucher program or the PHA certificate program), income eligibility is not re-determined when the family moves to the receiving PHA program under portability procedures.

Except stated in paragraph above, a portable family must be income eligible for admission to the voucher program in the area where the family leases a unit under portability procedures.

Leasing in-place

If the dwelling unit is approvable, a family may select the dwelling unit occupied by the family before selection for participation in the program.

Freedom of choice

The MSGPHA will not directly or indirectly reduce the family's opportunity to select among available units except if out of our jurisdiction, or elsewhere in this part 982 (e.g. prohibition on use of ineligible housing, housing not meeting HQS, or housing for which the rent to owner exceeds a reasonable rent).

Portability Administration by receiving PHA 24 CFR 982.355

If a family requests portability, the location where they intend to port must be identified in the request. MSGHA will contact the "receiving" PHA in that jurisdiction and advise them of the family's intent. A voucher and corresponding portability documents will be issued to the family.

MSGHA will not absorb all incoming portable families. MSGHA will notify the initial PHA of their action to absorb the voucher. All incoming voucher holders must attend a new admissions program briefing. If funding is not available, MSGHA will administer the voucher on behalf of the initial PHA.

When a family moves under portability (in accordance with Sec. 982.353(b)) to an area outside the initial PHA jurisdiction, another PHA (the "receiving PHA") must administer assistance for the family if a PHA with a tenant-based program has jurisdiction in the area where the unit is located.

A PHA with jurisdiction in the area where the family wants to lease a unit must issue a voucher to the family. If there is more than one such PHA, the initial PHA may choose the receiving PHA.

Portability procedures 24 CFR 982.355(c).

The MSGHA will not re-determine eligibility for a portable family that was already receiving assistance in the initial PHA Section 8 tenant-based program. However, for a portable family that was not already receiving assistance in the PHA tenant-based program, the initial PHA must determine whether the family is eligible for admission.

The initial PHA will advise the family how to contact and request assistance from the receiving PHA. The initial PHA must promptly notify the receiving PHA to expect the family.

The family must promptly contact the receiving PHA, and comply with receiving PHA procedures for incoming portable families.

The initial PHA must give the receiving PHA the most recent HUD Form 50058 (Family Report) for the family, and related verification information. If the receiving PHA opts to conduct a new reexamination, the receiving PHA may not delay issuing the family a voucher or otherwise delay approval of a unit unless the recertification is necessary to determine income eligibility.

When the portable family requests assistance from the MSGHA, the MSGHA will promptly inform the initial PHA whether we bill the initial PHA for assistance on behalf of the portable family, or will absorb the family into its own program.

The MSGHA will issue a voucher to the family. The term of the voucher will not expire before the expiration date of any initial PHA voucher. The MSGHA will determine whether to extend the voucher term. The family must submit a request for approval of the tenancy during the term of the receiving PHA voucher.

The MSGHA will determine the family unit size for the portable family. The family unit size is determined in accordance with the subsidy standards of the receiving PHA.

The MSGHA will promptly notify the initial PHA if the family has leased an eligible unit under the program, or if the family fails to submit a request for approval of the tenancy for an eligible unit within the term of the voucher.

To provide tenant-based assistance for portable families, the MSGHA will perform all PHA program functions, such as reexaminations of family income and composition. At any time, MSGHA will make a determination to deny or terminate assistance to the family in accordance with Sec. Sec. 982.552 and 982.553.

When the family has a right to lease a unit in the MSGHA's jurisdiction under portability procedures in accordance with Sec. 982.353(b), the MSGHA will provide assistance for the family. The MSGHA procedures and preferences for selection among eligible applicants do not apply, and waiting list is not used. However, the receiving PHA may deny or terminate assistance for family action or inaction in accordance with Sec. 982.552 and 982.553.

Portability Billing 24 CFR 982.355(e)

To cover assistance for a portable family, the MSGHA will bill the initial PHA for housing assistance payments and administrative fees.

The initial PHA must promptly reimburse the receiving PHA for the full amount of the housing assistance payments made by the receiving PHA for the portable family. The amount of the housing assistance payment for a portable family in the receiving PHA program is determined in the same manner as for other families in the receiving PHA program.

The initial PHA must promptly reimburse the receiving PHA for 80 percent of the initial PHA on-going administrative fee for each unit month that the family receives assistance under the tenant-based programs from the receiving PHA. If both PHAs agree, the PHAs may negotiate a different amount of reimbursement.

HUD may reduce the administrative fee to an initial or receiving PHA if the PHA does not comply with HUD portability requirements.

In administration of portability, the initial PHA and the receiving PHA must comply with financial procedures required by HUD, including the use of HUD-required billing forms. The initial and receiving PHA must comply with billing and payment deadlines under the financial procedures.

A PHA must manage the PHA tenant-based program in a manner that ensures that the PHA has the financial ability to provide assistance for families that move out of the PHA program under the portability procedures that have not been absorbed by the receiving PHA, as well as for families that remain in the PHA program.

When a portable family moves out of the tenant-based program of a receiving PHA that has not absorbed the family, the PHA in the new jurisdiction to which the family moves becomes the receiving PHA, and the first receiving PHA is no longer required to provide assistance for the family.

Billing Procedures

MSGHA will not issue payment until the receiving PHA within the time limits established by HUD receives an invoice. Late billings will not be processed for payment and the Receiving PHA will be so notified. Payment beyond year one will only continue if MSGHA receives the HUD 50058 form indicating that an annual re-certification has been completed in accordance with program requirements.

The receiving PHA that failed to send the initial billing within the 10 days following the date of HAP contract is executed is generally required to absorb the family into its own program unless the initial PHA contacts our office and has a reasonable motive of why this was not done, as stated in Notice PIH 2008-43(PHA).

Portability funding

HUD may transfer funds for assistance to portable families to the receiving PHA from funds available under the initial PHA ACC.

HUD may provide additional funding (e.g., funds for incremental units) to the initial PHA for funds transferred to a receiving PHA for portability purposes.

HUD may provide additional funding (e.g., funds for incremental units) to the receiving PHA for absorption of portable families.

HUD may require the receiving PHA to absorb portable families.

SECTION 14
CONTRACT TERMINATIONS

General [24 CFR 982.311, 982.314]

The Housing Assistance Payments (HAP) Contract is the contract between the owner and MSGHA, which defines the responsibilities of both parties. This Chapter describes the circumstances under which the owner, and the policies and procedures for such terminations can terminate by MSGHA and the contract.

Contract Termination [24 CFR 982.311]

The term of the HAP Contract is the same as the term of the lease and while the family is residing in the unit. The HAP Contract may be terminated by the PHA, or by the owner, or may terminate automatically if the tenant vacates the contract unit. No future subsidy payments on behalf of the family will be made to the owner after the month in which the contract is terminated. However, the owner may retain the housing assistance payment for the month in which the unit was vacated.

If the family continues to occupy the unit after the Section 8 contract is terminated, the family is responsible for the total amount of rent due to the owner.

If a participant family moves from an assisted unit with continued tenant-based assistance, the term of the assisted lease for the new assisted unit may begin during the month the family moves out of the first assisted unit. Overlap of the last housing assistance payment (for the month when the family moves out of the old unit) and the first assistance payment for the new unit, is not considered to constitute a duplicative housing subsidy.

The contract for the new unit may begin during the month in which the family vacated the previous unit and prorated housing assistance will be paid from the effective date of the new contract.

Termination of payment 24 CFR 982.311(c)

Other reasons for termination

Housing assistance payments terminate if:
(1) The lease terminates;
(2) The HAP contract terminates; or
(3) The PHA terminates assistance for the family.

Termination of Tenancy By The Owner (24 CFR 982.310]

If the owner wishes to terminate the lease, the owner is required to provide proper notice as stated in the lease. During the term of the lease, the owner may not terminate

the tenancy except for the following grounds.

During the term of the lease, the owner may not terminate the tenancy except on the following grounds:

(1) Serious violation (including but not limited to failure to pay rent or other amounts due under the lease) or repeated violation of the terms and conditions of the lease;
(2) Violation of federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the premises; or
(3) Other good cause.

Nonpayment by PHA

Not grounds for termination of tenancy.

(1) The family is not responsible for payment of the portion of the rent to owner covered by the housing assistance payment under the HAP contract between the owner and the PHA.

(2) The PHA failure to pay the housing assistance payment to the owner is not a violation of the lease between the tenant and the owner. During the term of the lease the owner may not terminate the tenancy of the family for nonpayment of the PHA housing assistance payment.

Criminal activity

(1) Evicting drug criminals due to drug crime on or near the premises. The lease must provide that drug-related criminal activity engaged in, on or near the premises by any tenant, household member, or guest, or such activity engaged in on the premises by any other person under the tenant's control, is grounds for the owner to terminate tenancy. In addition, the lease must provide that the owner may evict a family when the owner determines that a household member is illegally using a drug or when the owner determines that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(2) Evicting other criminals.
(i) Threat to other residents. The lease must provide that the owner may terminate tenancy for any of the following types of criminal activity by a covered person:
(A) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff residing on the premises);
(B) Any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in

the immediate vicinity of the premises; or

(C) Any violent criminal activity on or near the premises by a tenant, household member, or guest, or any such activity on the premises by any other person under the tenant's control.

(ii) Fugitive felon or parole violator. The lease must provide that the owner may terminate the tenancy if a tenant is:

(A) Fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees, or that, in the case of the State of New Jersey, is a high misdemeanor; or

(B) Violating a condition of probation or parole imposed under Federal or State law.

(3) Evidence of criminal activity.

The owner may terminate tenancy and evict by judicial action a family for criminal activity by a covered person in accordance with this section if the owner determines that the covered person has engaged in the criminal activity, regardless of whether the covered person has been arrested or convicted for such activity and without satisfying the standard of proof used for a criminal conviction. (See part 5, subpart J, of this title for provisions concerning access to criminal records.)

Other good cause.

(1) “Other good cause" for termination of tenancy by the owner may include, but is not limited to, any of the following examples:

(i) Failure by the family to accept the offer of a new lease or revision;

(ii) A family history of disturbance of neighbors or destruction of property, or of living or housekeeping habits resulting in damage to the unit or premises;

(iii) The owner's desire to use the unit for personal or family use, or for a purpose other than as a residential rental unit; or

(iv) A business or economic reason for termination of the tenancy (such as sale of the property, renovation of the unit, or desire to lease the unit at a higher rental).

(2) During the initial lease term, the owner may not terminate the tenancy for “other good cause", unless the owner is terminating the tenancy because of something the family did or failed to do. For example, during this period, the owner may not terminate the tenancy for ``other good cause" based on any of the following grounds: failure by the family to accept the offer of a new lease or revision; the owner's desire to use the unit for personal or family use, or for a purpose other than as a residential rental unit; or a business or economic reason for termination of the tenancy (see paragraph (d)(1)(iv) of this section).

Owner notice

(1) Notice of grounds.

(i) The owner must give the tenant a written notice that specifies the grounds for termination of tenancy during the term of the lease. The tenancy does not terminate before the owner has given this notice, and the notice must be given at or before commencement of the eviction action.

(ii) The notice of grounds may be included in, or may be combined with, any owner eviction notice to the tenant.

(2) Eviction notice.

(i) Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used under State or local law to commence an eviction action.

(ii) The owner must give the PHA a copy of any owner eviction notice to the tenant.

Eviction by court action

The owner may only evict the tenant from the unit by instituting a court action.

Regulations not applicable

24 CFR part 247 (concerning evictions from certain subsidized and HUD-owned projects) does not apply to a tenancy assisted under this part 982.

Termination of tenancy decisions

If the law and regulation permit the owner to take an action but do not require action to be taken, the owner may take or not take the action in accordance with the owner's standards for eviction. The owner may consider all of the circumstances relevant to a particular eviction case, such as:

(i) The seriousness of the offending action;

(ii) The effect on the community of denial or termination or the failure of the owner to take such action;

(iii) The extent of participation by the leaseholder in the offending action;

(iv) The effect of denial of admission or termination of tenancy on household members not involved in the offending activity;

(v) The demand for assisted housing by families who will adhere to lease responsibilities;

(vi) The extent to which the leaseholder has shown personal responsibility and taken all reasonable steps to prevent or mitigate the offending action;

(vii) The effect of the owner's action on the integrity of the program.

Exclusion of culpable household member

The owner may require a tenant to exclude a household member in order to continue to reside in the assisted unit, where that household member has participated in or been culpable for action or failure to act that warrants termination.

Consideration of rehabilitation

In determining whether to terminate tenancy for illegal use of drugs or alcohol abuse by a household member who is no longer engaged in such behavior, the owner may consider whether such household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program, or has otherwise been rehabilitated successfully (42 U.S.C. 13661). For this purpose, the owner may require the tenant to submit evidence of the household member's current participation in, or successful completion of, a supervised drug or alcohol rehabilitation program or evidence of otherwise having been rehabilitated successfully.

Nondiscrimination limitation and protection for victims of domestic violence

The owner's termination of tenancy actions must be consistent with fair housing and equal opportunity provisions of 24 CFR 5.105, and with the provisions for protection of victims of domestic violence, dating violence, and stalking in 24 CFR part 5, subpart L.

If the owner has begun eviction and the family continues to reside in the unit, MSGHA will continue to make housing assistance payments to the owner until the owner has obtained a court judgment or other process allowing the owner to evict the tenant and the tenant has vacated the assisted unit. By receipt of the housing assistance payment, the owner certifies that the tenant is still in the unit, the rent is reasonable and she/he is in compliance with the contract.

If an eviction is not due to a serious or repeated violation of the lease, and if the PHA has no other grounds for termination of assistance, MSGHA will issue a program move packet so that the family can move with continued assistance.

Termination Of The Contract By MSGHA [24 CFR 982.404, 982.453, 982.454, 982.455, 982.552(a)(3)]

The HAP contract terminates automatically when the family vacates the unit regardless of cause. The HAP contract will also terminate if the assistance to the family is terminated; funding is no longer available under the ACC contract with HUD; or 180 days have passed since the last housing assistance payment to the owner.

The HAP Contract will terminate if the owner and/or the family doesn’t comply with their obligation as stated in 24 CFR 982.404.

Notification will be provided to the owner and the tenant in accordance with the requirements of the HAP contract when action is taken by MSGHA to terminate the contract. The effective termination date will be the end of the month following the month in which the notification was provided to the owner.

Section 15
REPAYMENT AGREEMENT

HCV Guidebook Chapter 22

Repayment Agreement General Conditions

Repayment Agreements may be executed in certain cases in which families owe the PHA money. Execution may be made if the family is in compliance with its obligations, as imposed by the PHA in this Plan and the HUD's regulations.

Repayment Agreements will never be ~~entered into~~ for less than $50.00. In the case of a debt of $50.00 or less, payment will only be acceptable as a lump sum.

The following are examples of situations eligible for Repayment Agreements: if a tenant did not report a change in a timely manner that was supposed to be reported, the PHA will calculate a retroactive payment that can be paid through a Repayment Agreement; if the tenant owes the PHA for money paid to an owner for a special claim.

In such cases, the Repayment Agreements will be set up to a minimum payment of at least $25.00 monthly:

The initial payment shall be the greatest initial payment possible. Such payment will never be for less than the minimum payment, unless the Section 8 Coordinator has classified it as a hardship case.

It will be considered a hardship case if the total payment to pay exceeds *50%* of the family's income per month or if the family cannot pay the initial payment. In such cases, the Repayment Agreement terms may reduce the initial payment below the Minimum Payment or may extend the maximum term of payment.

Violation of Family Obligation or Fraud

Whether a family will be allowed to enter into a Repayment Agreement with the PHA depends on whether the PHA considered the family in violation of an obligation and whether the PHA considered the violation fraud, gross irresponsibility, or whether the family owes the PHA money for some other reason, such as a claim the PHA paid out.

Fraud or gross irresponsibility is considered violations of the family's obligations. If the PHA determines that a family committed fraud or gross irresponsibility, the PHA may require repayment of the entire amount in full and/or have their assistance terminated. In no case the PHA is obliged to enter into a Repayment Agreement. If the family's assistance is terminated and repayment hasn't been made, the money will still be

considered to be owed and the PHA may still take action to collect such amounts.

The family's failure to supply the information requested by the PHA at certification or recertification may be considered a violation of the family's obligation. Such violation may cause assistance to be terminated.

In determining whether the family violated the obligation to supply information, the PHA will determine whether the family supplied the information willingly. If the family supplied the information willingly and the amount is under $3,000, the PHA, in making its consideration as to whether or not there was a violation of the family's obligation, will look upon the willingness of the tenant to provide the information regarding the prior violation favorably.

If they refuse to sign or do not qualify for a Repayment Agreement for changes they were required to report and didn't the PHA shall terminate assistance, as long as the amount was verified. The PHA may also consider local prosecution and, if the amount is excessive, forwarding the case to the Regional Inspector General for investigation.

The tenant will be given an opportunity for informal hearing prior to the termination of assistance.

Ability to Move to another Unit with Continued Assistance

If the family is current on the Repayment Agreement, they will be allowed to move to another unit with continued assistance. If they are not current on their Repayment Agreement, they will be required to pay in full before being issued a Voucher.

SECTION 16
CRIME AND ALCOHOL ABUSERS BY FAMILY MEMBERS

Denial of admission and termination of assistance for criminals and alcohol abusers 24 CFR 982.553, 24 CFR 982.552

For provisions on denial of admission and or termination of assistance for illegal drug use, other criminal activity, and alcohol abuse that would threaten other residents, see Sec. 982.553.

At any time, the PHA may deny assistance to an applicant, or terminate assistance to a participant family if any member of the family commits:

(1) Drug-related criminal activity; or
(2) Violent criminal activity.

If the PHA seeks to deny or terminate assistance because of illegal use, or possession for personal use, of a controlled substance, such use or possession must have occurred within one year before the date that the PHA provides notice to the family of the PHA determination to deny or terminate assistance. The PHA may not deny or terminate assistance for such use or possession by a family member, if the family member can demonstrate that he or she:

(1) Has an addiction to a controlled substance, has a record of such an impairment, or is regarded as having such an impairment; and
(2) Is recovering, or has recovered from, such addiction and does not currently use or possess controlled substances. The PHA may require a family member who has engaged in the illegal use of drugs to submit evidence of participation in, or successful completion of, a treatment program as a condition to being allowed to reside in the unit.

Permissive prohibitions 24 CFR 982.553(a)(2)(ii)(A)

The PHA may prohibit admission of a household to the program if the PHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before the admission:

(1) Drug-related criminal activity;
(2) Violent criminal activity;
(3) Other criminal activity which may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or
(4) Other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administration function or responsibility on behalf of the PHA (including a PHA employee or a PHA contractor,

subcontractor or agent).

Criminal Activity Evidence

In determining whether to deny or terminate assistance based on drug-related criminal activity or violent criminal activity, the PHA may deny or terminate assistance if the preponderance of evidence indicates that a family member has engaged in such activity, regardless of whether the family member has been arrested or convicted.

Mandatory Prohibition of Sex Offenders

The Municipality of San Germán has established standards that prohibit admissions to the program if any member of the household is subject to a lifetime registration under a state sex offender registration program (24 CFR 982.553(2)(v)). The Municipality of San Germán (RQ030) will screen the family by performing a criminal history background check necessary to determine whether any household member is subject to a lifetime sex offender's registration requirement in the State where the dwelling unit is located and in other States where the household members are known to have resided. The screening is to be carried-out through the Puerto Rico Police Department, which issues a ***Certificate of Conduct and/or the Sex Offenders web site (http://sijc.gobierno.pr).***

The Municipality of San Germán will deny admission if any member of the household is subject to a lifetime registration requirement under a State sex offender registration program. Sex offenders, not subject to lifetime registration, will be denied assistance for the entire period they are subject as sex offenders.

Prohibition admission of alcohol abusers

The MSGHA will prohibit admission to the program if the there is reasonable cause to believe that a household member's abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

Terminating assistance for drug criminals 24 CFR 982.553(b)

The MSGHA has established the following standards of terminating assistance for a family under the program if it determines that:

(A) Any household member is currently engaged in any illegal use of a drug; or
(B) A pattern of illegal use of a drug by any household member interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

The MSGHA will immediately terminate assistance for a family under the program if the PHA determines that any member of the household has ever been convicted of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing.

The MSGHA will terminate assistance under the program for a family if the PHA determines that any family member has violated the family's obligation under Sec. 982.551 not to engage in any drug-related criminal activity.

Terminating assistance for other criminals 24 CFR 982.553(b)(2) .

The PHA must establish standards that allow the PHA to terminate assistance under the program for a family if the PHA determines that any household member has violated the family's obligation under Sec. 982.551 not to engage in violent criminal activity.

Terminating assistance for alcohol abusers

The MSGHA will proceed with the termination of assistance for a family if the MSGHA determines that a household member's abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents if:

1- The household member refuses to enter a and complete a voluntary rehabilitation program or;
2- Remove the household member from the unit.

Use of criminal record 24 CFR 982.553(d)

Denial

If the MSGHA proposes to deny admission for criminal activity as shown by a criminal record, a copy of the criminal record will be provide to the applicant. The MSGHA will give the family an opportunity to dispute the accuracy and relevance of that record, in the informal review process in accordance with Sec. 982.554. (See part 5, subpart J for provision concerning access to criminal records.)

Termination of assistance

If the MSGHA proposes to terminate assistance for criminal activity as shown by a criminal record, the PHA must notify the household of the proposed action to be based on the information and must provide the subject of the record and the tenant with a copy of the criminal record. The PHA must give the family an opportunity to dispute the accuracy and relevance of that record in accordance with Sec. 982.555.

In cases of criminal activity related to domestic violence, dating violence, or stalking, the victim protections of 24 CFR part 5, subpart L, apply.

Grounds for denial or termination of assistance 24 CFR982.552

The PHA may at any time deny program assistance for an applicant, or terminate program assistance for a participant, for any of the following grounds:

- If a PHA has ever terminated assistance under the program for any member of the family for 3 years prior to final eligibility determination.

- If any member of the family has committed fraud, bribery, or any other corrupt or criminal act in connection with any Federal housing program (see also Sec. 982.553(a)(1)) within the last 3 years prior to final eligibility from the offense.

- If the family has been engaged in criminal activity or alcohol abuse as described in Sec. 982.553.

Nondiscrimination limitation and protection for victims of domestic violence

The PHA's admission and termination will be in consistent with fair housing and equal opportunity provisions of Sec. 5.105 of this title, and with the requirements of 24 CFR part 5, subpart L, protection for victims of domestic violence, dating violence, and stalking.

SECTION 17
Grievance Procedure

Informal review for applicant 24 CFR 982.554

Notice to applicant

The MSGHA will give an applicant for participation prompt notice of a decision denying assistance to the applicant. The notice must contain a brief statement of the reasons for the PHA decision. The notice must also state that the applicant may request an informal review of the decision and must describe how to obtain the informal review.

Informal review process

The MSGHA will must give an applicant an opportunity for an informal review of the PHA decision denying assistance to the applicant. The MSGHA procedures for conducting an informal review are the following:

(1) The review may be conducted by any person or persons designated by the PHA, other than a person who made or approved the decision under review or a subordinate of this person.
(2) The applicant must be given an opportunity to present written or oral objections to the PHA decision.
(3) The PHA must notify the applicant of the PHA final decision after the informal review, including a brief statement of the reasons for the final decision.

When informal review is not required

The MSGHA is not required to provide the applicant an opportunity for an informal review for any of the following:

(1) Discretionary administrative determinations by the PHA.
(2) General policy issues or class grievances.
(3) A determination of the family unit size under the PHA subsidy standards.
(4) An PHA determination not to approve an extension or suspension of a voucher term.
(5) A PHA determination not to grant approval of the tenancy.
(6) An PHA determination that a unit selected by the applicant is not in compliance with HQS.
(7) An PHA determination that the unit is not in accordance with HQS because of the family size or composition.

Restrictions on assistance for noncitizens

The informal hearing provisions for the denial of assistance on the basis of ineligible immigration status are contained in 24 CFR part 5.

Informal hearing for participant 24 CFR 982.555

Right to a Hearing

Upon the filling of a written request as provided in these procedures, a Tenant shall be entitled to a hearing before a hearing officer.

1- Procedures Prior to a Hearing

Informal settlement of grievance. Any grievance shall be promptly and personally presented, either orally or in writing, to the MSGHA office and to the owner of the unit in which the Tenant resides so that the grievance may be discussed informally and settled without a hearing. A summary of such discussion shall be prepared within a reasonable time and one copy shall be given to the Tenant and one retained in the Landlord's Tenant file. The summary shall specify the names of the participants, dates of meeting, the nature of the proposed disposition of the complaint and the specific reasons therefore, and shall specify the procedures by which a hearing under these procedures may be obtained if the Tenant is not satisfied.

The purpose if this informal settlement of grievance is to allow the Tenant and owner to informally discuss an issue without the need for third parties, including witnesses or representative becomes or should become involved.

At any time that a third party, including a witness or representative become or should become involved in the process, the informal settlement conference shall become a "hearing" and the procedures found in Section IV hereof shall apply. The housing authority shall notify the Tenant of the date and time that the hearing will take place.

2- Procedures to obtain Hearing

(A) Request for hearing. In the event that the Tenant is not satisfied with the informal settlement of grievance provided for in Section III. The written request shall specify:

(1) The reasons for the grievance; and

(2) The action or relief sought if the family disagrees with the decision the family may request an informal hearing.

(3) The Tenant shall submit a written request for a hearing to the PHA office within five (5) business days from date of mailing of the summary of discussion.

(B) Selection of Hearing Officer. A grievance hearing shall be conducted

by an impartial person or persons designated by the PHA other than a person who made or approved the decision under review or a subordinate of such person.

(C) Failure to request a hearing. If the Tenant does not request a hearing in accordance with this Section, then the Landlord's disposition of the grievance shall become final: Provided that failure to request a hearing shall not constitute a waiver by the Tenant of the right thereafter to contest the Landlord's action in disposition of the complaint in an appropriate judicial proceeding.

(D) Hearing prerequisite. All grievances shall be promptly presented in person, either orally or in writing pursuant to the informal procedure as a condition precedent to hearing under this section: Provided, That if the Tenant shall show good cause why there was failure to proceed to the hearing officer, the provisions of this Subsection may be waived by the hearing officer.

(E) Escrow deposit. Before a hearing is schedule in any grievance involving the amount of rent as defined in the lease which the Landlord claims is due, the Tenant shall pay to the Landlord an amount equal to the amount of the rent due and payable as of the first of the month preceding the month in which the act or failure to act took place. The Tenant shall thereafter deposit monthly the same amount of the monthly rent in an escrow account held by the Landlord until the complaint is resolved by decision of the hearing officer. Amounts deposit into the escrow shall not be considered as acceptance of money for rent during the period in which the grievance is pending. The Landlord in extenuating circumstances may waive these requirements. Unless so waived, the failure to make such payments shall result in a termination of the grievance procedure: Provided that failure to make payment shall not constitute a waiver of any right the Tenant may have to contest the Landlord's action in deposing of the complaint in an appropriate judicial proceeding.

(F) Schedule of hearing: Upon the Tenant's compliance with this Section, or upon the housing authority notifying the tenant or his/her representative that a hearing will be held, a hearing shall be promptly scheduled by the hearing officer for a time and place reasonably convenient to both the Tenant and the PHA. A written notification specifying the date, time, place and the procedures governing the hearing shall be delivered to the Tenant and the appropriate PHA official.

5- **Procedures Governing the Hearing**

(A) The Tenant shall be afforded a fair hearing, which shall include:

(1) The opportunity to examine before the grievance hearing any PHA documents, including records and regulations that are directly relevant to the hearing. The Tenant shall be provided a copy of any such document at the Tenant's expense. If the PHA does not make the document available for examination upon request by the Tenant, the PHA may not rely on such document at the grievance hearing.

(2) The right to be represented at its own expense, by counsel or other person chosen as the Tenant's representative and to have such person makes statements on the Tenant's behalf

(3) The right to a private hearing unless the Tenant request a public hearing;

(4) The right to present evidence and arguments in support of the Tenant's complaint, to controvert evidence relied on by the Landlord or project management, and to confront and cross-examine all witnesses upon whose testimony or information the Landlord or project management relies; and the MSGHA and the family must be given the opportunity to present evidence, and may question any witnesses. Evidence may be considered without regard to admissibility under the rules of evidence applicable to judicial proceedings.

(5) A decision based solely and exclusively upon the facts presented at the hearing.

(B) Accommodation of persons with disabilities

(1) The PHA shall provide reasonable accommodation for persons with disabilities to participate in the hearing.

Reasonable accommodation may include qualified sign language interpreters, readers, accessible locations, or attendants.

(2) If the Tenant is visually impaired, any notice to the Tenant, which is required by these procedures, must be in an accessible format.

6- **Issurance of decision 24 CFR 982.555(e)(6)**

(A) The person who conducts the hearing must issue a written decision, stating

briefly the reasons for the decision. Factual determinations relating to the individual circumstances of the family shall be based on a preponderance of the evidence presented at the hearing. A copy of the hearing decision shall be furnished promptly to the family.

(B) A decision by the hearing officer in favor of the landlord or which denies the relief requested by the Tenant in whole or in part shall not constitute a waiver of, nor affect in any manner whatsoever, any rights the Tenant may have to a trial de novo or judicial review in any judicial proceeding, which may thereafter be brought in the matter.

Effect of decision 24 CFR 982.555(f)

The PHA is not bound by a hearing decision:

(1) Concerning a matter for which the PHA is not required to provide an opportunity for an informal hearing under this section, or that otherwise exceeds the authority of the person conducting the hearing under the PHA hearing procedures.
(2) Contrary to HUD regulations or requirements, or otherwise contrary to federal, State, or local law.
(3) If the PHA determines that it is not bound by a hearing decision, the PHA must promptly notify the family of the determination, and of the reasons for the determination.

Restrictions on assistance to noncitizens 24 CFR 982.555(G)

The informal hearing provisions for the denial of assistance on the basis of ineligible immigration status are contained in 24 CFR part 5.

SECTION 18

Violence Against Women Act (VAWA) Policy

On January 5, 2006, President Bush signed VAWA into law as Public Law 109-162. Section 603 of the law amends Section 5A of the U.S. Housing Act (42 U.S.C 1437c-1) to require PHA's five year and annual PHA Plans to contain information regarding this matter. Sections 606 and Section 607 amend the Section 8 and public housing sections of the U.S. Housing Act (42U.S.C. 1437f and 1437d) to protect certain victims of criminal domestic of criminal domestic violence, dating violence, sexual assault, or stalking-as well as members of the victims immediate families-from losing their HUD-assisted housing as a consequence of the abuse for which they were the victim.

VAWA prohibits the eviction of and removal of assistance from, certain person living in public or Section 8 assisted housing of the asserted grounds for such action is an instance of domestic violence, dating violence, sexual assault, or stalking, and those terms are defines in Section 3 of the United Stated Housing Act of 1937 as amended by VAWA (42 U.S.C. 13925).

To comply accordingly with this law the Municipality of San Germán will provide to applicants, tenants, as well as owners participating in the section 8 program the following information:

> 1-The Municipality of San Germán will make the certification form *HUD-50066* available to all eligible families at the time of admission (as part of the briefing packet the family is provided with the HUD Tenancy Addendum, which provide orientation about the protection to victims of abuse), also in the event of a termination or start of an eviction proceeding, PHA's may enclose the form with the appropriate notice and direct the family to complete, sign and return the form (if applicable) by a specified date.
>
> The MSGHA may request a tenant to certify that the individual is a victim of domestic violence, dating violence or stalking and that the incidence(s) of threatened or actual abuse are bona fide in determining whether the protections afforded to such individuals under VAWA are applicable. The MSGHA may request in writing that an individual complete, sign and submit, within 14 business days of the request, a HUD-approved certification form (Form HUD 50066).
>
> On the form, the individual certifies that he/she is a victim of domestic violence, dating violence, or stalking, and that the incident or incidences in question are bona fide incidences of such actual or threatened abuse. On the certification form, the individual shall provide the name of the perpetrator.

An owner or PHA is not required to demand that an individual produce official documentation or physical proof of an individual's status as a victim of domestic violence, dating violence, sexual assault or stalking in order to receive the protections of VAWA. Note that, a PHA, owner or manager, at their discretion, may provide assistance to an individual based solely upon the individual's statement or other corroborating evidence.

The PHA, owner or manager should be mindful that the delivery of the certification form to the tenant in response to an incident via mail may place the victim at risk, e.g., the abuser may monitor the mail. Therefore, PHA's, owners and managers may require that the tenant come into the office to pick up the certification form and are encouraged work with tenants to make delivery arrangements that do no place the tenant ant risk. If the individual doses not provide the form HUD-50066 or the information that may be provided in lieu of the certification by the 14th business day or any extension of that date provided by the PHA, owner or manager, none to the protections afforded to the victim of domestic violence, dating violence or staling by sections 606 or 607 will apply. The PHA, owner or manager would therefore be free to evict, or to terminate assistance, in the circumstances authorize by otherwise applicable law and lease provisions, without regard to the amendments made by Sections 606 and 607.

In lieu of a certification form, or in addition to the certification form, a tenant may provide to the PHA and the owners:

- A Federal, State, tribal, territorial, or local police record or court record;
- Documentation signed and attested to by an employee, agent or volunteer of a victim service provider, an attorney or a medical professional, from whom the victim has sought assistance in addressing domestic violence, dating violence or stalking, or the effects of abuse, in which the professional attests under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse, and the victim of domestic violence, or stalking has signed or attested to the documentation.

Protections for Victims of Abuse

The new requirements of VAWA 2005 are:

- An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be construed as serious or repeated violations of the lease or other "good cause" for termination of the assistance, tenancy, or occupancy rights of a victim of abuse. (Section 8(o)(7)(C) of the U.S. Housing Act of 1937.)

- Criminal activity directly relating to abuse, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenant's family is the victim or threatened victim of that abuse. (Section 8(o)(7)(D)(i) of the U.S. Housing Act of 1937.)

- Notwithstanding the VAWA restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, a PHA may terminate assistance to or an owner or manager may "bifurcate" a lease, or otherwise remove a household member from a lease, without regard to whether a household member is a signatory to the lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others. This action may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of the violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the housing choice voucher program. (Section 8(o)(7)(D)(ii) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) may be construed to limit the authority of a public housing agency, owner, or manager, when notified, to honor court orders addressing rights of access or control of the property, including civil protection orders issued to protect the victim and issued to address the distribution or possession of property among the household members in cases where a family breaks up. (Section 8(o)(7)(D)(iii) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) limits any otherwise available authority of an owner or manager to evict or the public housing agency to terminate assistance to a tenant for any violation of a lease not premised on the act or acts of violence in question against the tenant or a member of the tenant's household, provided that the owner, manager, or public housing agency does not subject an individual who is or has been a victim of domestic violence, dating violence, or stalking to a more demanding standard than other tenants in determining whether to evict or terminate. (Section 8(o)(7)(D)(iv) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) may be construed to limit the authority of an owner or manager to evict, or the public housing agency to terminate assistance, to any tenant if the owner, manager, or public housing agency can demonstrate an actual and imminent threat to other tenants or those employed at or providing

service to the property if the tenant is not evicted or terminated from assistance. (Section 8(o)(7)(D)(v) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) shall be construed to supersede any provision of any Federal, State, or local law that provides greater protection than Section 8(o)(7)(D)(i) for victims of domestic violence, dating violence, or stalking. (Section 8(o)(7)(D)(vi) of the U.S. Housing Act of 1937.)

Portability to Protect Victims of Abuse

The family may receive a voucher and move in violation of the lease under the portability procedures if the family has complied with all other obligations of the voucher program and has moved out of the assisted dwelling unit in order to protect the health or safety of an individual who is or has been the victim of domestic violence, dating violence, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the assisted dwelling unit.

If the circumstances described above exist, the PHA may allow a family to move under portability procedures if the only basis for the denial is that the family is violating the lease agreement. The PHA may request that the family provide the HUD-approved certification form (form HUD-50066), or other acceptable documentation in order to verify the family's claim that the request to move is prompted by incidences of abuse in the unit

2. Definitions:

a-**Domestic Violence**: Includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim share a child in common, by a person who is cohabitated with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.

b-**Dating Violence**: Violence committed by a person:
who is or has been is a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors: (i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.

c-**Stalking**: to follow, pursue, or repeatedly commit acts with the intent

to kill, injure, harass, or intimidate; or to place under surveillance with the intent to kill, injure, harass, or intimidate another person; and in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (i) that person; (ii) a member of the immediate family of that person; or (iii) the spouse or intimate partner of that person.

d-**Immediate Family Member:** spouse, parent, brother or sister, or child of the person, or an individual to whom that person stands in loco parentis (in place of a parent); or any other person living in the household of that person and related to that person by blood or marriage.

3-Confidentiality:

All information provided to a PHA, manager or an owner relating to the incident(s) of domestic violence, including the fact that an individual is a victim of violence, dating violence, or stalking, must be retained in confidence by the PHA or owner and must neither be entered into any shared database or provided to a related entity, except to the extent that the disclosure is:

- requested or consented by the individual in writing;
- required for use in an eviction proceeding or termination of assistance; or,
- otherwise required by applicable law.

4- The Municipality of San Germán will notify owners of their rights and obligations under VAWA. Will also encourage owners to access VAWA via the internet at the following Website addresses: *http:www.gpoaccess.gov/plaws/index.html or http://thomas.loc.gov/bss/d1099laws.html*

5- The Municipality of San Germán will provide to the eligible families at the time of admission a list of the name and photos of sex offenders in this municipality and near ones.

6- The Municipality of San Germán will also provide a list of phones and places were women that are victim of domestic violence, dating violence, sexual assault, or stalking, can receive orientation and help in this matter.

SECTION 19

Quality Control of Section 8 Program Procedures

Introduction

The Municipality of San Germán (MSG) is committed to ensuring that subsidy fund made available to the Housing Authority is spent in accordance with HUD requirements.

Under the Section 8 Management Assessment Program (SEMAP), HUD requires the Housing Authority to review a random sample of tenant records annually to determine if the records conform to program requirements and to conduct quality control inspection of a sample of units to ensure Housing Quality Standards (HQS) compliance.

Quality Control measures are critical and vital components in the administration of the Section 8 Rental Assistance. The MSG develops comprehensive administrative policies and procedures that offer clear and consistent structure to ensure that each administrative function adheres to the intent of HUD regulations and mandatory SEMAP indicators. Their purpose is to emphasize timely, accurate and fair determination in the application of HUD statues and regulations.

Quality Control Measures

- Training: Frequent staff training by the Section 8 Program Coordinator to increase and enhance their skills and competence in the respective area of responsibility. Internal forms are designed to increase accuracy and uniformity.

- Procedures: An internal procedure by the Section 8 Coordinator offers consistency in the application of HUD regulations in a clear and concise manner relative to each subject matter.

Areas that will have quality control reviews are the following:

- Selection from the Waiting List: Verity that the HA selected the proper people from the waiting list and their selection criteria were actually met by applicants. The quality control will be of 100% of all the cases selected.

- Rent Reasonableness : Verify that the HA has and implements a reasonable written method to determine an document for each unit leased that the rent to the owner is reasonable leased on current rents for comparable unassisted units. The quality

control unit will verify the number of cases required by HUD [(24 CFR 985.2(b)].

- Adjusted Income : Verify that the HA correctly determines adjusted income for each assisted family, and where applicable, uses the appropriate utility allowances for the unit lease in determining the gross rent. The quality control unit will verified at least the minimum required by HUD.

- Utility Allowance : Verify that the HA maintains an up to date utility allowance schedule. The quality control unit will verify that the proper procedure was followed and if a change of 10% or more for each utility occurred.

- HQS Quality Control Inspections : Verify that the HA supervisor re-inspects a sample of units under contract during the fiscal year, which meets the minimum sample size requirements for quality control of HQS inspection.

- HQS Enforcement : Verify that following each HQS inspection of a unit under contract, where the unit fails to meet HQS, any cited life-threatening deficiencies are corrected within 24 hours from the inspection and all other deficiencies are corrected within no more than 30 calendar days from the inspection, or any approved extension, that will not be more than 15 additional calendar days. The quality control unit will verified at least the minimum required by HUD.

- Expanding Housing Opportunities : Verify that the HA has adopted implemented a written policy to encourage participation by owners of units outside areas of poverty or minority concentration; informs voucher holders of the full range of areas where they may lease units both inside and outside the HA's jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority

concentration.

- Payment Standard : Verify that the HA has adopted a payment standard schedule that establishes payment amounts by unit size for the HA jurisdiction, and that are within the basic range of 90% to 110% of the published FMR. The quality control unit will verify at lease the minimum required by HUD.

- Annual Re-exams : Verify that the HA completes a re-examination for each participating family at lease every 12 months. The quality control unit will verified at least 5% of all annual re-exams.

- Correct Tenant Rent : Verify whether the HA correctly calculates the family's share of the owner. The quality control unit will verified at least the minimum required by HUD.

- Annual HQS Inspections: Verify whether the HA inspects each unit under contract at least annually. The quality control unit will verify at least the minimum required by HUD.

- Eligibility Procedure : Verify that the tenant's files have all the required documents to comply with the eligibility of the tenant's using a checklist that has been developed (see Attachment 1). The quality control unit will be of 100% of all the files.

Hoja de Cotejo para Renovaciones de Contrato, mudanzas o casos nuevos

Nombre participante: _____

Núm. de Caso _____ Fecha venc. Contrato _____
mm/dd/aa

Documentos necesarios para la renovación del contrato:

Documentos necesarios para firmar contrato*: (Favor de marcar los que apliquen)

1. Certificaciones de no deuda y/o documentos del dueño:

   _____ CRIM*
   _____ ASUME*
   _____ HACIENDA*
   _____ Copia ESCRITURA*
   _____ Copia Identificación con foto*
   _____ Certificación de Ausencia de Conflicto de Intereses*
   _____ Autorización para firmar Contrato

2. Contrato que tiene que estar en el expediente:

   _____ Housing Assistance Payments Contract (HAP) 52641*
   _____ Lease Contract *
   _____ Enmienda al Contrato*
   _____ Hoja de Utilidades**

3. Otros documentos:

   _____ Inspección con PASS con fecha antes del comienzo del Contrato*
   _____ Carta de Pago
   _____ "Release Approval of Tenancy" (RTA)**
   _____ Determinación de Aprobación de Contrato**
   _____ Renta Razonable**

Certifico que los documentos arriba marcados están en el expediente:

Análisis realizado por _____ Fecha _____
mm/dd/aa

Certifico hacer verificado estos documentos y qué mismo constan en el expediente:

Verificado por _____ Fecha _____
mm/dd/aa

*** Documentos necesarios para completar la renovación contrato Hoja de Cotejo para casos nuevos, y/o mudanza.**

**** Documentos necesarios para completar nuevas admisiones, mudanzas y/o aumento de renta.**

Hoja de Cotejo para Reexamen Anual

Nombre participante: _____

Núm. de Caso _____ Fecha reexamen _____
mm/dd/aa

Documentos necesarios para completar el reexamen anual:
(Favor de marcar los que apliquen)

1. Certificados Buena Conducta de los mayores de 18 años*

   Entrego _____ Certificado(s) de Buena Conducta
   Hay _____ en proceso trajo evidencia del proceso

2. EIV con fecha del _____*

3. Evidencia de ingreso:*

   _____ Verificación de empleo
   _____ Evidencia de Seguro Social de no aparecer en EIV
   _____ Carta de cupones
   _____ Carta de TANF
   _____ Certificación
   _____ Carta del desempleo de los todos los mayores de 18 años
   _____ Carta de ASUME
   _____ Carta del FONDO DEL SEGURO DEL ESTADO
   _____ Carta del padre que pasa pensión fuera de ASUME O SENTENCIA DEL TRIBUNAL

4. Evidencia de Deducciones:*

   _____ Certificación escolar
   _____ Certificación de universidad a mayores de 18 años
   _____ Carta de Cuido de niños
   _____ Gasto medico y/o deducción de medicare

5. Otros Documentos relacionados:

   _____ Certificación del CRIM de todos los mayores de 18 años.*
   _____ Recibos de Agua y Luz reciente
   _____ HUD 9886*
   _____ Hoja de Autorización en español*
   _____ Forma 214 *
   _____ Hoja de utilidades aplicadas _____ # de habitaciones
   _____ Ultima Inspección aprobada _____ fecha

Certifico que los documentos arriba marcados están en el expediente:

Análisis realizado por _____ Fecha _____
mm/dd/aa

Certifico hacer verificado estos documentos y qué mismo constan en el expediente:

Verificado por _____ Fecha _____
mm/dd/aa

* **Documentos necesarios para completar el reexamen anual**

Checklist filling procedures:

This checklist was developed in order to verify that all the tenant's files at least annually; to insure that all the necessary documents are present.

The checklist must be filled and signed and dated by the technician and then supervised and signed by the Program Director or the representative, and then filled in the tenant's record.

Notice: No annual re-examen and/or HAP Contract will be completed until all the related documents are in the record.

Hoja de Cotejo para Información del Dueño

Nombre del dueño: _____
Nombre participante: _____

Fecha de vencimiento del Contrato _____
mm/dd/aa

Certificaciones de no deuda	2009		2010		2011		2012	
CRIM	Está		Está		Está		Está	
	Vigente		Vigente		Vigente		Vigente	
ASUME	Está		Está		Está		Está	
	Vigente		Vigente		Vigente		Vigente	
HACIENDA	Está		Está		Está		Está	
	Vigente		Vigente		Vigente		Vigente	
PATENTE MUNICIPAL	Está		Está		Está		Está	
	Vigente		Vigente		Vigente		Vigente	

Otros documentos que deben constar en el expediente:

Copia identificación con foto	Está	
	Vigente	
Copia de la tarjeta de Seguro Social	Está	
	Vigente	
Copia de las Escrituras	Está	
	Vigente	

Certifico que los documentos arriba marcados con (x) constan en el expediente:

Análisis realizado por_____ Fecha_____
mm/dd/aa

Certifico con (ok) haber verificado estos documentos, que los mismos constan en el expediente y son vigentes:

Verificado por _____ Fecha _____
mm/dd/aa

Hoja de Cotejo para Información del Participante

Nombre participante: _____

Fecha de comienzo en el programa: _____

Documentos que deben constar en el expediente:

Certificados de Nacimiento en original	**Están**	
	Vigencia	
Copia de las tarjetas de Seguro Social	**Están**	
	Vigencia	
Foto Familiar	**Está**	
	Vigencia	
Copia del Certificado de matrimonio (cuando aplique)	**Está**	
	Vigencia	
Carta de Aceptación al programa	**Está**	
	Vigencia	
"Voucher"	**Está**	
	Vigencia	
Solicitud del Programa	**Está**	
	Vigencia	
Referencias Personales	**Está**	
	Vigencia	
Declaración de Ciudadanía	**Está**	
	Vigencia	

Certifico que los documentos arriba marcados con (x) constan en el expediente:

Análisis realizado por_____ Fecha_____
mm/dd/aa

Certifico con (ok) haber verificado estos documentos, que los mismos constan en el expediente y son vigentes:

Verificado por _____ Fecha _____
mm/dd/aa

SECTION 20

Debts Owed to PHAs & Terminations as of January 25, 2010

The U.S. Department of Housing and Urban Development maintains a national repository of debts owed to Public Housing Agencies (PHAs) or Section 8 landlords and adverse information of former participants who have voluntarily or involuntarily terminated participation in one of the above-listed HUD rental assistance programs. This information is maintained within HUD's Enterprise Income Verification (EIV) system, which is used by Public Housing Agencies (PHAs) and their management agents to verify employment and income information of program participants, as well as, to reduce administrative and rental assistance payment errors. The EIV system is designed to assist PHAs and HUD in ensuring that families are eligible to participate in HUD rental assistance programs and determining the correct amount of rental assistance a family is eligible for. All PHAs are required to use this system in accordance with HUD regulations at 24 CFR 5.233.

HUD requires PHAs, to report certain information at the conclusion of the family participation in a HUD rental assistance program. The MSGHA as part of the briefing orientation will provide a notice to all applicants and tenants a notice about the collection of debts and adverse termination information that are required to acknowledge receipt of the notice by signing. (Each adult household member must sign this form).

HUD will collect the following information about each member of the household (family composition):

1. *Full Name; and*
2. *Date of Birth; and*
3. *Social Security Number*

The following adverse information is collected once the family participation in the housing program has ended, whether you voluntarily or involuntarily move out of an assisted unit:

1. *Amount of any balance the individual owe the PHA or Section 8 landlord (up to $500,000) and explanation for balance owed (i.e. unpaid rent or other charges such as damages, utility charges, etc.); and*
2. *Whether or not the individual has entered into a repayment agreement for the amount that the individual owe the PHA; and*
3. *Whether or not the individual has defaulted on a repayment agreement; and*
4. *Whether or not the individual have filed for bankruptcy; and*
5. *The negative reason(s) for the individual end of participation or in the housing program or any negative status as of the end of participation date (i.e. abandoned unit, fraud, lease violations, criminal activity, etc.).*

This information will be available to HUD employees, PHA employees, and contractors of HUD and PHAs.

The MSGHA will have access to this information during the time of application for rental assistance and reexamination of family income and composition for existing participants. PHAs will be able to access this information to determine a family's suitability for rental assistance, and avoid providing limited Federal housing assistance to families who have previously been unable to comply with HUD program requirements. If the reported information is accurate, your current rental assistance may be terminated and your future request for HUD rental assistance may be denied for a period of up to ten years from the date you moved out of an assisted unit or were terminated from a HUD rental assistance program.

Debt owed and termination information will be maintained in EIV for a period of up to ten (10) years from the end of participation date.

Tenant's rights

In accordance with the Federal Privacy Act of 1974, as amended (5 USC 552a) and HUD regulations pertaining to its implementation of the Federal Privacy Act of 1974 (24 CFR Part 16), the tenant has the following rights:

1. *To have access to the records maintained by HUD.*
2. *To have an administrative review of HUD's initial denial of the request to have access to the records maintained by HUD.*
3. *To have incorrect information in your record corrected upon written request.*
4. *To file an appeal request of an initial adverse determination on correction or amendment of record request within 30 calendar days after the issuance of the written denial.*
5. *To have your record disclosed to a third party upon receipt of a written and signed request.*

Disputing the debt or termination information reported

If the individual disagree with the reported information, he/she should contact the MSGHA, who has reported this information, in writing. The PHA's name, address, and telephone numbers are listed on the Debts Owed and Termination Report. She/he has the right to request and obtain a copy of this report from the PHA and inform the PHA why you dispute the information and provide any documentation that supports the dispute. Disputes must be made within three years from the end of participation date. Otherwise the debt and termination information is presumed correct. Only the PHA who reported the adverse information about you can delete or correct the record. The filing of bankruptcy will not result in the removal of debt owed or termination information from HUD's EIV system. However, if the individual included this debt in his/her bankruptcy filing and/or this debt has been discharged by the bankruptcy court, the record will be updated to include the bankruptcy indicator, when he/she

provides the PHA with documentation of the bankruptcy status.

The PHA will notify the individual in writing of its action regarding the dispute within 30 days of receiving the written dispute. If the PHA determines that the disputed information is incorrect, the PHA will update or delete the record. If the PHA determines that the disputed information is correct, the PHA will provide an explanation as to why the information is correct.

EIV USER RESPONSIBILITIES

The PHA's users with the assigned Program Administrator role on EIV have the following responsibilities:

1. *Delete families from the master list of End of Participations (EOP) who do not owe a debt or have not been terminated for an adverse reason.*
2. *Enter debt owed and termination information within a reasonable time frame (90 days from EOP date).*
3. *Ensure that information entered is complete and accurate.*
4. *Upon notice and confirmation of erroneous information, delete information.*

Before enter debt and termination information into EIV, the Program Administrator EIV user must ensure that the PHA:

1. *Notify the individual(s) of the debt owed to the PHA, and*
2. *Provided the individual(s) with at least 60 days to present evidence that all or part of such debt is not owed or legally enforceable,*
3. *Consider any evidence presented by the individual(s) and determined that the amount of the debt owed to the PHA is owed and legally enforceable.*

Termination Reason to be reported

1. *Failure to pay retroactive rent**
2. *Failure to pay rent**
3. *Failure to pay other charges**
4. *Failure to complete annual reexamen*
5. *Criminal activity - Drugs*
6. *Criminal activity-Sex Offender*
7. *Criminal activity - Violent*
8. *Criminal activity - Other*
9. *Lease violations*
10. *Unit abandoned/vacated with no notice*
11. *Failure to pay rent to S8 landlord**
12. *Failure to pay other charges to S8 landlord**
13. *Non-compliance with program requirements*

14. *Failure to report income*
15. *Family Evicted*

****EIV user must select a Failure to pay reason when entering a debt owed amount***

SECTION 21

Ley Núm. 191 del año 2009

(P. del S. 1182), 2009, ley 191

Ley para prohibir la retención, archivo y custodia de copias certificadas de certificados de nacimiento a entidades públicas y privadas y se enmienda el Artículo 38 de la Ley Núm. 24 de 1931: Ley del Registro Demográfico de Puerto Rico
Ley Núm. 191 de 22 de diciembre de 2009

Para adoptar la "Ley para prohibir la retención, archivo y custodia de copias certificadas de certificados de nacimiento a entidades públicas y privadas"; establecer penalidades por violación a dicha ley; disponer el plazo de invalidación o nulidad de los certificados de nacimiento emitidos previo al 1 de julio de 2010; enmendar los Artículos 2 y 38 de la Ley Núm. 24 de abril 22 de 1931, según enmendada, conocida como "Ley del Registro Demográfico de Puerto Rico", a los fines de prohibir la entrega de la custodia de las copias certificadas de los certificados de nacimiento a cualquier entidad público o privada que solicite el mismo y disponer sobre los trámites a realizarse en ausencia de certificados del Registro Demográfico; y para otros fines.

EXPOSICION DE MOTIVOS

En Puerto Rico se ha incurrido en un uso extenso de certificados de nacimiento para transacciones corrientes que no deberían necesitar certificados de nacimiento certificados. Es muy frecuente que se presenten certificados de nacimiento para justificar el derecho a determinadas prestaciones y servicios, tales como la matrícula escolar, solicitudes de empleos, licencias de conducir, tarjetas electorales, préstamos para compras importantes, inscripción en deportes para niños, actividades religiosas, etc. Conforme a información suministrada por la Oficina de Gerencia y Presupuesto, durante el año 2008, fueron expedidas 860,698 copias certificadas de certificados de nacimiento por el Registro Demográfico. Estos certificados de nacimientos se mantienen en escuelas, agencias, municipios, iglesias, entidades privadas, generando grandes acumulaciones de documentos certificados y muchas veces, sin la debida custodia, sin un acceso restringido a los mismos e incluso abandonados.

Como consecuencia de la fácil disponibilidad de tan privilegiado documento, los mismos se hurtan en gran escala por delincuentes que se proponen cometer algún tipo de conducta delictiva, como es la apropiación ilegal de identidad o el fraude de pasaportes. Esta situación es sumamente preocupante. Por ejemplo, la persona que obtiene sin derecho un pasaporte de los Estados Unidos por medios fraudulentos puede usarlo, no sólo para viajar al exterior y entrar a los Estados Unidos libremente, sino para facilitar conductas delictivas de toda clase, por ejemplo, la obtención fraudulenta de beneficios inmigratorios, el narco-tráfico, la obtención de crédito, el terrorismo y el tráfico de mujeres y niños.

Según el Servicio de Seguridad Diplomática del Departamento de Estado de los Estados Unidos de América, de los ocho mil (8,000) casos de fraude de pasaportes investigados por dicha unidad, el cuarenta por ciento (40%) aproximadamente tienen su origen en situaciones que han utilizado certificados de nacimientos de personas puertorriqueñas. Lamentablemente, el número de casos de fraude de pasaporte, utilizando certificados de nacimientos de puertorriqueños, sigue aumentando. La razón es muy sencilla: existen demasiadas copias certificadas de certificados de nacimientos en circulación y de fácil acceso a delincuentes.

Por tanto, es evidente que nos encontramos ante una situación que atenta contra la seguridad y el bienestar de todos los puertorriqueños. Corresponde establecer medidas para reducir el riesgo que presentan el uso extenso y la retención de certificados de nacimiento para transacciones comunes que no deberían necesitar certificados de nacimiento certificados.

DECRETASE POR LA ASAMBLEA LEGISLATIVA DE PUERTO RICO:

***Artículo 1.- Título**:*

Se adopta la "Ley para Prohibir la Retención, Archivo y Custodia de copias certificadas de certificados de nacimiento"

Artículo 2.-Definiciones

(a) Registro Demográfico: Significará el Registro General Demográfico de Puerto Rico establecido en el Departamento de Salud de Puerto Rico que tendrá a su cargo el registro, colección, custodia, preservación, enmiendas y certificación de récords vitales; la colección de otros informes requeridos por esta parte; actividades relacionadas a ella, incluyendo la tabulación, análisis y publicación de estadísticas vitales.

(b) copia certificada del certificado de nacimiento: se refiere al documento suministrado por el Secretario de Salud o la persona autorizada por éste, a tenor con el Artículo 38 de la Ley Núm. 24 de abril 22 de 1931, según enmendada, conocida como "Ley del Registro Demográfico de Puerto Rico".

(c) entidad: incluye, pero no está limitado a, cualquier persona natural, persona jurídica, pública o privada, agencias, municipios, instrumentalidades, organizaciones, asociaciones, iglesias, negocios, escuelas públicas o privadas, asociaciones recreativas o deportivas públicas o privadas, instituciones con o sin fines de lucro. Este término será de amplia interpretación.

(d) parte interesada: significará el inscrito, si es de dieciocho (18) años de edad o mayor, su padre, su madre, su representante legal, custodio legal o tutor, o los herederos del inscrito. Será además, cualquier menor que a su vez sea padre o madre de un menor para lo cual se autoriza la expedición de actas relacionadas tanto para su persona como para su hijo(a). "Parte interesada" será además, la señalada mediante orden del Tribunal.

Artículo 3.-Prohibición

Se prohíbe a toda entidad pública o privada, que no sea la parte interesada según definida en el Artículo 2(d) de esta Ley, el retener, mantener, archivar o tener bajo su custodia copia certificada del certificado de nacimiento expedida por el Registro Demográfico, que haya sido requerida presentar a cualquier persona como parte de los trámites ante dicha entidad.

El texto de esta prohibición debe ser incluido, de forma clara y conspicua, en toda copia certificada del certificado de nacimiento emitida por el Registro Demográfico.

Artículo 4.-Presentación de la copia certificada del certificado de nacimiento

Para cualesquiera propósitos que se necesite copia certificada del certificado de nacimiento, bastará con la presentación de la copia certificada del certificado de nacimiento expedida por el Registro Demográfico de Puerto Rico. Se permite para fines de expediente retener, custodiar o archivar copia fotostática, en formato electrónico o digital, de la copia certificada del certificado de nacimiento, en la cual se podrá certificar, en la misma copia retenida, que ésta es copia fiel y exacta de la copia certificada del certificado de nacimiento. Pero nunca y bajo ninguna circunstancia, se retendrá la copia certificada del certificado de nacimiento, según definido en esta Ley.

Artículo 5.-Penalidades y responsabilidad por daños y perjuicios

Cualquier entidad que actúe contrario a lo aquí dispuesto incurrirá en un delito menos grave.

Además, cualquier entidad será responsable civilmente de la totalidad de los daños y perjuicios ocasionados a cualquier parte interesada ocurrido como consecuencia de la violación a lo dispuesto en esta Ley.

Artículo 6.-Invalidación o nulidad de copias certificadas de certificados de nacimiento

Todas las copias certificadas de los certificados de nacimiento emitidas con anterioridad al 1 de julio de 2010 serán nulas y no tendrán efectividad alguna para cualquier propósito para el cual fue solicitado a partir de esa fecha o a los quince (15) días de su fecha de emisión, cual fecha fuere posterior. Esta disposición no se interpretará como que anula ninguna gestión iniciada previo a la fecha de caducidad dispuesta en este artículo usando válidamente una copia certificada del certificado de nacimiento emitida antes del 1 de julio de 2010.

Artículo 7.-Se enmienda el Artículo 2 de la Ley Núm. 24 de abril 22 de 1931, según enmendada, conocida como "Ley del Registro Demográfico de Puerto Rico", para que lea como sigue:

"Artículo 2.-Definiciones

Cuando en esta parte se use:

(1) Registro Demográfico.- Significará el Registro General Demográfico de Puerto Rico establecido en el Departamento de Salud de Puerto Rico que tendrá a su cargo el registro, colección, custodia, preservación, enmiendas y certificación de récords vitales; la colección de otros informes requeridos por esta parte; actividades relacionadas a ella, incluyendo la tabulación, análisis y publicación de estadísticas vitales.

(2)...

...

(12) Parte interesada.- Significará el inscrito, si es de dieciocho (18) años de edad o mayor, su padre, su madre, su representante legal, custodio legal o tutor, o los herederos del inscrito. Será además, cualquier menor que a su vez sea padre o madre de un menor para lo cual se autoriza la expedición de actas relacionadas tanto para su persona como para su hijo(a). "Parte interesada" será además la señalada mediante orden del Tribunal."

(13) Transcripciones y/o certificaciones en formato electrónico o digital: Se refiere a las reproducciones o copias de las actas o inscripciones de nacimiento, defunción y matrimonio registrados en Puerto Rico en el Registro Demográfico de Puerto Rico, las cuales tendrán el mismo valor u efecto legal que las copia certificadas de tales actas o inscripciones que pueda el Secretario de Salud expedir conforme al Artículo 38 de la Ley Núm. 24 del 22 de abril de 1931 según enmendada.

Artículo 8.*-Se enmienda el Artículo 38 de la Ley Núm. 24 de abril 22 de 1931, según enmendada, conocida como "Ley del Registro Demográfico de Puerto Rico", para que lea como sigue:*

"Artículo 38.*-Copias certificadas de certificados*

A. Petición de copias certificadas de certificados

A petición de parte interesada, el Secretario de Salud o la persona autorizada por él, suministrará copia certificada de cualquier certificado de nacimiento, casamiento, o defunción que se haya inscrito y registrado en el Registro General de acuerdo con las disposiciones de esta Ley. La parte interesada completará una solicitud de copia certificada de certificado de nacimiento donde se indicará lo siguiente:

(a) nombre y dirección de la parte interesada

(b) relación existente entre la parte interesada y la persona

cuyo certificado se solicita

(c) razón o motivo por el cual solicita la copia certificada del certificado de nacimiento

(d) datos necesario para la búsqueda de la información

El solicitante pagará por la expedición y certificación de la copia certificada del certificado de nacimiento, la suma que se establezca mediante reglamentación al efecto, en sellos de rentas internas, por cada solicitud, cancelándose la totalidad de éstos y adhiriéndose en el certificado que se expida y haciendo constar en la solicitud la palabra "Despachado" y la fecha correspondiente.

B. Transcripciones electrónicas de certificados de nacimientos

Las agencias del Gobierno Federal o Estatal, incluyendo los tribunales, podrán obtener libre de derechos, pero sin gastos para el Gobierno de Puerto Rico, transcripciones electrónicas de todos los certificados de nacimiento, casamiento y defunción que se registren, cuando se fueren a utilizar para fines oficiales.

Estas transcripciones electrónicas serán emitidas directamente por el Registro Demográfico a la agencia Estatal o Federal o a los tribunales.

C. Evidencia prima facie

La copia del récord de cualquier nacimiento, matrimonio o defunción, después que sea certificada por el Secretario de Salud o por la persona autorizada por él, y las transcripciones electrónicas emitidas conforme se dispone en el inciso anterior constituirán evidencia prima facie ante todos los Tribunales de Justicia de los hechos que consten en la misma.

D. ***Prohibición de entrega de la copia certificada del certificado de nacimiento***

Se prohíbe a toda parte interesada que haya obtenido una copia certificada del certificado de nacimiento entregar la custodia de dicho documento a cualquier persona o entidad público o privada que solicite el mismo.

Para cualesquiera propósitos que se necesite copia certificada del certificado de nacimiento, bastará con la presentación de la copia certificada del certificado de nacimiento expedida por el Registro Demográfico de Puerto Rico. Se permite retener, custodiar o archivar copia fotostática, en formato electrónico o digital, de la copia certificada del certificado de nacimiento, en la cual se podrá certificar, en la misma copia retenida, que ésta es copia fiel y exacta de la copia certificada del certificado de nacimiento. Pero nunca y bajo ninguna circunstancia, se retendrá la copia certificada del certificado de nacimiento.

E. Búsqueda de documentos y pago de derechos

Por la búsqueda de cualquier documento o información en el archivo del Departamento de Salud, cuando no se expida copia certificada alguna, los interesados pagarán la suma que se establezca por reglamento, en sellos de rentas internas, por cada hora o fracción de hora que se emplee en buscar dicho documento o información, y los que cancelarán adhiriéndose la totalidad del sello cancelado en la nota negativa que se expida haciéndose constar en la solicitud la palabra "Despachado" y la fecha correspondiente.

Disponiéndose, además, que el Secretario de Salud llevará un récord de todos los sellos de rentas internas cancelados por concepto de copias certificadas y notas negativas expedidas por él o sus representantes debidamente facultados. Las cantidades recaudadas por este concepto se ingresarán en un Fondo Especial en el Departamento de Hacienda y serán destinados al presupuesto del Registro Demográfico para gastos de funcionamiento.

F. Ausencia de registro de nacimiento

Si en cualquier tiempo después del nacimiento de una persona, se necesitare una copia certificada del récord de tal nacimiento para cualquier fin, y después de examinados los archivos por el Secretario de Salud o sus representantes, apareciere que dicho nacimiento no había sido registrado de acuerdo con las disposiciones de esta parte, el Secretario de Salud requerirá entonces, inmediatamente de la persona responsable de hacer tal declaración y de presentar el certificado para su inscripción, que presente dicho certificado al encargado del Registro del Distrito correspondiente, en la forma más completa posible, según lo permita el tiempo que haya transcurrido desde que tuvo lugar dicho nacimiento. Con dicho certificado se archivarán aquellas declaraciones juradas u otros documentos que el Secretario de Salud juzgare necesario y la persona responsable de la falta será procesada, según se requiere por esta parte, si se negare a presentar dicho certificado prontamente. En los casos en que la persona responsable de presentar el certificado haya fallecido o no pueda encontrarse, la persona que solicita la copia certificada del récord puede presentar dicho certificado de nacimiento junto con aquellas declaraciones juradas y otros documentos que solicite el Secretario de Salud, los que serán archivados en el Departamento y copia certificada del certificado será expedida entonces al solicitante, previo el pago de los derechos mencionados anteriormente.

G. Ausencia de registro de matrimonio

Si en cualquier tiempo después de haberse celebrado un matrimonio se necesitare una copia certificada del récord del mismo para cualquier fin, y después de examinados los archivos por el Secretario de Salud o por sus representantes apareciere que dicho matrimonio no había sido registrado de acuerdo con las disposiciones de esta parte, la parte interesada recurrirá a la Sala del Tribunal de Primera Instancia donde se hubiere celebrado el matrimonio, en solicitud de una orden para que el Encargado del Registro Demográfico proceda a inscribir el mismo.

Para obtener dicha orden deberá presentar el interesado una solicitud al Tribunal, exponiendo bajo juramento su pretensión, acompañada de la prueba documental pertinente en apoyo de su solicitud. Radicada la solicitud el Tribunal ordenará que se publique un aviso de la misma para conocimiento público en un periódico de circulación general en Puerto Rico durante el término de quince (15) días y una vez por semana cuando menos. El peticionario, simultáneamente con la radicación, remitirá copia de la solicitud y de toda la prueba documental al Ministerio Fiscal. Cualquier persona que tenga interés en el asunto podrá intervenir en el procedimiento.

Transcurridos diez (10) días desde la publicación del aviso en un periódico de publicación general y de la notificación y remisión de toda la prueba al Ministerio Fiscal sin que éste o cualquier persona con interés en el asunto haya formulado objeción alguna, el Tribunal entenderá y resolverá los méritos de la petición sin necesidad de celebrar vista, o discrecionalmente podrá celebrar vista de estimarlo procedente y dictará el auto que proceda.

Copia certificada del mismo será remitida al Secretario de Salud a los fines de la inscripción de dicho matrimonio. El fallo del Tribunal de Primera Instancia deberá fundarse en prueba fehaciente de la celebración del matrimonio, de la capacidad de los contrayentes y de la autoridad de la persona que celebró el matrimonio.

H. Ausencia del registro de defunción

Si en cualquier tiempo después de enterrado el cadáver de un ser humano se necesitare una copia certificada del certificado de defunción de dicha persona para cualquier fin, y después de examinados los archivos por el Secretario de Salud o por sus representantes, apareciere que dicha defunción no había sido registrada de acuerdo con las disposiciones de esta parte, la parte interesada recurrirá a la Sala del Tribunal de Primera Instancia donde hubiere ocurrido la defunción en solicitud de una orden para que el encargado del Registro Demográfico proceda a inscribir dicha defunción. Para obtener dicha orden deberá presentar el interesado una solicitud al Tribunal, exponiendo bajo juramento, su pretensión, acompañada de la prueba documental pertinente en apoyo de su solicitud. Notificará copia de la solicitud y demás prueba documental al Ministerio Fiscal simultáneamente con su radicación. Transcurridos diez (10) días de la remisión y notificación al Ministerio Fiscal sin que éste haya formulado objeción alguna, el Tribunal entenderá y resolverá los méritos de la petición sin necesidad de celebrar vista, de estimarlo procedente y en el más breve plazo dictará el auto que proceda y copia certificada del mismo será remitida al Secretario de Salud a los fines de la inscripción de dicha defunción. El fallo del Tribunal de Primera Instancia deberá fundarse en prueba fehaciente del hecho de la defunción.

I. Inscripción ordenada por el Tribunal

Toda inscripción de nacimiento, matrimonio o defunción que sea ordenada por un tribunal con jurisdicción competente llevará la palabra "Tardía".

Artículo 9.- *La prohibición contenida en esta Ley sobre la retención de la copia certificada del certificado de nacimiento tendrá efectividad inmediata. Toda disposición de Ley o reglamento previamente vigente que ordene o permita la retención de la copia certificada queda inmediatamente derogada.*

Artículo 10.- *Esta Ley entro en vigor el 1 de enero de 2010.*

SECTION 22

HOPWA Program

Each new participant to the "Tenant Based Rental Assistance (TBRA)" of the HOPWA State Program must meet the minimum requirements of eligibility to participate in said program. These requirements are: certification as a patient of HIV/AIDS, and the family income is within the 80 percent income median in effect in the municipality where he/she resides.

Participants of the TRBA must be receiving some support service to assist him/her manage the illness and must submit evidence of receiving such service at the time of the initial application and in each successive housing recertification year.

The administrative procedure of the State HOPWA TBRA program are set forth below and are included in the Section 8 Voucher Administrative Plan administered by the Municipality of San Germán.

SERVICE AREA OF THE MUNICIPALITY OF SAN GERMÁN

In addition to the Municipality of San German, and because of the lack of available housing in its jurisdiction, the Municipality services its housing contracts in the following adjoining towns/cities: Lajas, Hormigueros, Maricao, Mayagüez, Cabo Rojo, and Sabana Grande.

SPECIAL ADMISSIONS

Order of Admissions and Waiting List

Applicants to the HOPWA-TBRA program will be selected from a special list created by the Municipality. Applicants will be chosen from that special list and in the order application was received and recorded in said waiting list. The list will contain the full name of the applicant, present address, date and hour that the application was received. The HOPWA-TBRA voucher will be issued immediately upon receipt of the documentation which establishes their eligibility to participate in the program.

In order to qualify for the waiting list, either the head of the household, spouse or a minor/adult child, must be a certified HIV/AIDS patient. In addition, the level of income of that family must be within the 80 percent of earnings in effect for the Fair Market Rent applicable for the Municipality of San Germán.

Housing Quality Standards ("HQS")

The HQS of the HOPWA Program will be identical to the HQS used for the "Vouchers" Program. Inspections, resolution of complaints, contract cancellations, re-inspections, and new contracts will be completed applying the same criteria as the "Vouchers" Program

Housing Occupancy

One independent bedroom will be provided for the HIV/AIDS patient. The head of the household or his/her spouse will decide if they wish separate bedrooms in the event that one of them is in an advanced stage of the illness.

"Fair Market Rent" (FMR)

The FMR used for the HOPWA Program will be 110% of the FMR in effect at the time of application for the "Voucher" Program.

"Payment Standard"

The "Payment Standard" for participants of the HOPWA Program will be 110% of the "Payment Standard" as set forth for the Section 8 Administrative Plan of the Municipality.

"Subsidy Standard"

The total tenant payment will be ten percent (10%) of the family's monthly income.

"HAP Payment"

Housing assistance payments will be made to the owner in accordance with the terms of the HPA contract, and the owner must comply with the provisions of the HAP contract in order to receive such payments. The minimum rent established will be $50.00.

PHA Certifications of Compliance with PHA Plans and Related Regulations	U.S. Department of Housing and Urban Development Office of Public and Indian Housing Expires 4/30/2011

PHA Certifications of Compliance with the PHA Plans and Related Regulations:
Board Resolution to Accompany the PHA 5-*Year and Annual* PHA Plan

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the_X_ 5-Year and/or_X_ Annual PHA Plan for the PHA fiscal year beginning_07/2011, hereinafter referred to as" the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plans that includes a policy for site based waiting lists:
   - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
   - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
   - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
   - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
   - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low- or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.
13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
    (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
    (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
    (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

Municipality of San Germán
PHA Name

RQ-030
PHA Number/HA Code

X 5-Year PHA Plan for Fiscal Years 20_10_ - 20_14_

X Annual PHA Plan for Fiscal Years 20_10_ - 20_11_

Hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
INDIRA MEGRIN RIVARRY	MAYOR
Signature	Date
	April 12, 2010

Certification by State or Local Official of PHA Plans Consistency with the Consolidated Plan

I, ISIDRO NEGRON IRIZARRY the MAYOR certify that the Five Year and Annual PHA Plan of the MUNICIPALITY OF SAN GERMAN is consistent with the Consolidated Plan of PUERTO RICO prepared pursuant to 24 CFR Part 91.

Signed / Dated by Appropriate State or Local Official

Civil Rights Certification	U.S. Department of Housing and Urban Development Office of Public and Indian Housing Expires 4/30/2011

Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioner, I approve the submission of the Plan for the PHA of which this document is a part and make the following certification and agreement with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing.

Municipality of San Germán	RQ-030
PHA Name	PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Isidro Negrón Irizarry	Title	Mayor
Signature	Isidro Negrón Irizarry	Date	04/12/2010

Estado Libre Asociado de Puerto Rico
Municipio Autónomo de San Germán

Oficina de Programas Federales

AVISO DE VISTA PÚBLICA

El Municipio de San Germán cumpliendo con lo establecido en la Ley de Responsabilidad de Trabajo y Calidad de Vivienda de 1998, ("Quality Housing and Work Responsability Act") y el Acta de Vivienda de los Estados Unidos de 1937 (U.S. Housing Acto of 1937) según enmendada, estará presentando al Departamento de Vivienda y Desarrollo Urbano (HUD), nuestro Plan de cinco (5) años del Programa de Vivienda Pública (Sección 8), para el ciclo 2010-2014. Este plan de acción contiene información sobre la operación, los programas y servicios, al igual que como se atenderán las necesidades de vivienda de las familias participantes. También dicho documento incluye la misión, objetivos y metas que han sido establecidas por el Municipio para la operación del Programa de Subsidio de Vivienda.

Se exhorta y se invita a la ciudadanía en general a participar de la vista pública que se llevará a cabo el 11 de febrero de 2010, a las 10:00 am, en el Salón Asamblea, de la Casa Alcaldía.

En la Vista Pública se considerarán los siguientes asuntos:

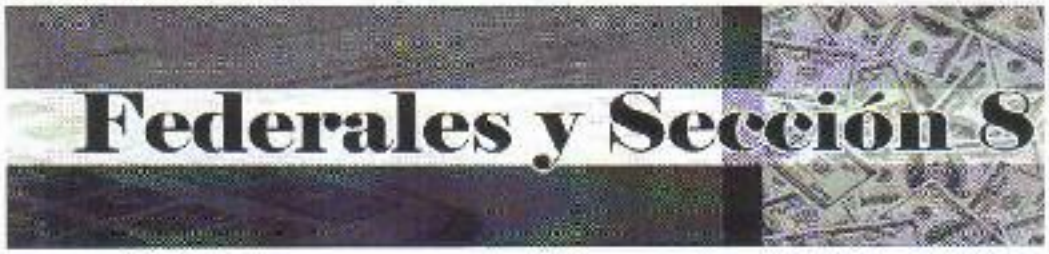
1. Explicar las prioridades de nuestro Municipio y las Actividades elegibles dentro de dichas responsabilidades.
2. Recibir sugerencias sobre las posibles actividades a ser incluidas en el plan anual del Municipio.
3. Recibir comentarios de la ciudadanía en relación a necesidades de desarrollo de vivienda y la administración del Programa de subsidio de Viviendas.

El plan y todos los documentos asociados estarán disponibles en la Oficina de Sección 8 del Municipio de San Germán durante horas laborables, para ser examinados por el público en general, organizaciones sin fines de lucro y todos aquellos interesados.

Hon. Isidro Negrón Irizarry
Alcalde

Betsy González Vargas
Directora Interina

Apartado 85 • San Germán, Puerto Rico 00683
Cuadro: 787-892-3500 x 2240, 2241, 2242, 2267 • Directo 787-892-1405 • Fax 787-892-6450



Regresar a Página Principal (Home)

Regresar a los Departamentos

Formato Sugerencia/ Queja

Aviso de Vida Pública

Oficina de Federales y Sección 8

Dirección Física: 125 Ave. Universidad Interamericana, San Germán, Puerto Rico

(Frente Pasa de la Casa Alcaldía)

Dirección Postal: Apartado 85, San Germán, Puerto Rico 00683

Teléfonos: 787-892-3127 ext. 2240, 2241, 2242, 2243, 2244, 2257

E-mail: federales@municipiodesangerman.com

Personal:

Sra. Wanda Rodríguez Director de Programas Federales, Vivienda y Desarrollo Económico

Email: programasfederales@municipiodesangerman.com

Sra. Marisol Rodríguez Secretaria Administrativa de Programas Federales

Sra. Betty González Auxiliar Administrativa Contabilidad

Sra. Nancy López Toro Rehabilitación de Viviendas

Sra. Carmen Vargas Secretaria Adm. I - Sección 8

Sra. Marisol Acosta Oficinista – Programa Family Self Sufficiency (Housing Vouch)

Sra. Lilliam Polán Contadora de Sección 8

Sr. Edwin Alvarez Auxiliar Administrativo

Servicios ofrecidos por la Oficina de Programas Federales

1. Programa de Rehabilitación de Viviendas / Donativo de Materiales – Se ofrece ayuda de materiales de construcción para personas de ingresos bajos e moderados del Municipio de San Germán. La solicitud se hace a través de la Oficina de Servicios al Ciudadano, cuando soliciten el caso a la Oficina de Programas Federales.
2. Servicio de Auxiliares del Hogar (Pasa de Llave): Se ofrece servicio de auxiliares en el hogar a envejecientes y/ personas con impedimentos de ingresos bajos o moderados del Municipio de San Germán. La solicitud de este servicio se hace a través de la Oficina de Servicios al Ciudadano.
3. Servicio de Ligas Recreativas: se operan 13 ligas recreativas que son asignadas a la Oficina de Recreación Deportes Municipal. Éstas ofrecen servicios de clínicas deportivas, charlas y servicios recreacionales a los infantes jóvenes del Municipio.

Servicios ofrecidos por la Oficina de Sección 8

1. Programa de Renta Subsidiada (Sección 8): Se le ofrece subsidio de renta a personas con ingresos bajos o moderados del Municipio de San Germán que tengan problemas de vivienda.
2. Programa "Family Self Sufficiency": Se le ofrece oportunidad y ayuda a los participantes de Sección 8 para que puedan conseguir empleo, de manera que puedan obtener la cultura/fondo económico.
3. Programa "Homeownership": Se le ofrece orientación y ayuda a participantes de Sección 8 para la adquisición de vivienda propia.

Estado Libre Asociado de Puerto Rico
Municipio Autónomo de San Germán

Oficina de Programas Federales

Recibí del Municipio de San Germán, Oficina de Programas Federales-Sección 8 un Aviso de Vista Pública sobre la preparación del Plan de Cinco Años 2010-2014 para postear en el boletín board.

Institución	Persona que recibe el aviso	Fecha
1. U.S. Post Master		12-28-09
2. Colecturía de Rentas Internas		Dic 23/09
3. Compañía de Aguas		12-23-09
4. A. E. E.		12-23-09
5. Departamento del Trabajo		12/28/09
6. Hospital de la Concepción		12/23/09
7. Hospital Metropolitano		12-23-09
8. O.M.J		
9. Casa Alcaldía		Dic. 23/09
10. Baxter (FENWAL)		12-23-09
11. Policía de Puerto Rico		12-23-09

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Estado Libre Asociado de Puerto Rico
Municipio Autónomo de San Germán

Oficina de Programas Federales

"Programa de Oportunidades de Vivienda de Vale" (Sección 8)

Vista Pública para Plan de Cinco Años, Plan Anual y Revisión del Plan Administrativo
para el Año 2010-2014
11 de febrero de 2010
10:00 am

Hoja de Asistencia

Nombre	Dirección
[illegible]	Cpt Las Lomas Calle 13 San Germán P.R.
2. [illegible]	Carr 348 Km 0.8 Bo. Maconuco Bajo
3. Elba Torres Rivera	Carr. 362 K. 5.6 Bo Guasa
4. Evelyn Hernández	Calle Ramos #13 Apt. A4 Altos San Germán, P.R. 00683.
5. Vicente Olivieras	Carr 118 Km 4 Bo La Tea San Germán
6. Julio Angleró	
7. Zulma Caraballo Vázquez	Urb Santa Marta Calle D-B-7 San Germán
8. [illegible]	Bo. Maconuco bajo Carr. 119 San Germán
9. Carmen Vargas	Oficina de Sección 8
10. [illegible]	Oficina Programas Federales
11. Manuel Cruz Calderón	Coordinador V-SS Sec. 8
12. [illegible]	
13.	
14.	

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Estado Libre Asociado de Puerto Rico
Municipio Autónomo de San Germán
Oficina de Sección 8

Minuta

Vista Pública Plan de Cinco Años2010-2014 y Plan Anual 2010-2011
11 de febrero de 2010
10:00 a.m.

El Municipio de San Germán llevó a cabo esta vista pública en el Salón de la Asamblea Municipal ubicado dentro de la casa Alcaldía de San Germán, la cual está céntricamente localizada, accesible a la transportación pública y reúne los requerimientos de la Ley de Americanos con Impedimentos (ADA, por sus siglas en inglés).

La reunión comenzó y fue conducida por la Sra. Carmen Vargas de la Oficina de Sección 8, a las 10:15 a.m. Varios miembros del Municipio estuvieron presentes, al igual que varios miembros de la Junta de Residentes, participantes.

El borrador del Plan de Cinco Años y Plan Anual del Programa de Sección 8 fue revisado por los presentes en la vista pública donde comentaron e hicieron preguntas sobre el mismo. El Plan Anual fue aceptado por todos.

Se terminó la reunión luego que la Sra. Vargas le informara a los presentes que la Oficina de Sección 8 continuará respondiendo a preguntas concernientes al programa que los ciudadanos de San Germán pudieran tener en relación a este programa.

Dicha reunión fue culminada a las 12:20 p.m.

Wanda I. Rodríguez Rivera

Wanda I. Rodríguez Rivera
Directora
Programas Federales y Sección 8

February 12, 2010

Mrs. Wanda Rodriguez
Section 8 Program Director
Municipality of San Germán

Dear Mrs. Rodriguez:

The Residency/Participant Advisory Board hereby certifies that it reviewed the draft of the Section 8 Annual Plan FY 2010-2011 and the 5 Year Plan 2010-2014 for the Municipality of San Germán following a thorough review of the draft, and after having been explained the process involved, we believe that it meets our Residency/Participant program expectations.

This Advisory Board hereby approves this plan for the purpose of comments and revisions during the scheduled public hearing.

Thank you for the opportunity to participate in this Advisory Board and thus contribute to the development at the program which as a result enhances our quality of life.

Cordially,

Residency/Participant Advisory Board

Name	Signature
Elba Torres	Elba Torres Llicea
Julio Anglero	Julio Anglero
Gladys Cabrera	Gladys Cabrera
Zulma Camacho	Zulma Camacho Vargas

RESIDENCY/PARTICIPANT ADVISORY BOARD

Elba Torres Alicea Bo. Guamá Carr. 362 km 5.6 San Germán, P.R. 00683	President
Marissa Alemán Reparto Universidad Calle 4 L-42 San Germán, P.R. 00683	Vice President
Julio P. Angleró Carr. 347 km 1 Bo. Cotto San Germán, P.R. 00683	Vocal
Gladys Cabrera Bo. Cotuí Carr. 314 km 2.0 San Germán, P.R. 00683	Vocal
Zulma Camacho Urb. Santa Marta Calle D B-7 San Germán, P.R. 00683	Vocal

<u>Executive Director</u>

The Mayor of the Municipality of San Germán was elected to administer the municipal government and is the executive director of the PHA.

Estado Libre Asociado de Puerto Rico
Municipio Autónomo de San Germán
Oficina de Sección 8

OPERATIONAL BUDGET
BUDGET FOR CY 2010

SUBSIDIZED HOUSING BUDGET	
PROGRAM	**BUDGET ESTIMATE**
Housing Choice Voucher	$347,895.00
Administrative Fees	$59,268.00

Challenged elements

At the Public Hearing of the Municipality of San Germán, there were no elements of the 5 year 2010-2014 Plan and Annual Plan 2010-2011 that were challenged from neither the Resident Advisory Board nor the persons that were present.

SECTION 18

Violence Against Women Act (VAWA) Policy

On January 5, 2006, President Bush signed VAWA into law as Public Law 109-162. Section 603 of the law amends Section 5A of the U.S. Housing Act (42 U.S.C 1437c-1) to require PHA's five year and annual PHA Plans to contain information regarding this matter. Sections 606 and Section 607 amend the Section 8 and public housing sections of the U.S. Housing Act (42U.S.C. 1437f and 1437d) to protect certain victims of criminal domestic of criminal domestic violence, dating violence, sexual assault, or stalking-as well as members of the victims immediate families-from losing their HUD-assisted housing as a consequence of the abuse for which they were the victim.

VAWA prohibits the eviction of and removal of assistance from, certain person living in public or Section 8 assisted housing of the asserted grounds for such action is an instance of domestic violence, dating violence, sexual assault, or stalking, and those terms are defines in Section 3 of the United Stated Housing Act of 1937 as amended by VAWA (42 U.S.C. 13925).

To comply accordingly with this law the Municipality of San Germán will provide to applicants, tenants, as well as owners participating in the section 8 program the following information:

> 1-The Municipality of San Germán will make the certification form *HUD-50066* available to all eligible families at the time of admission (as part of the briefing packet the family is provided with the HUD Tenancy Addendum, which provide orientation about the protection to victims of abuse), also in the event of a termination or start of an eviction proceeding, PHA's may enclose the form with the appropriate notice and direct the family to complete, sign and return the form (if applicable) by a specified date.
>
> The MSGHA may request a tenant to certify that the individual is a victim of domestic violence, dating violence or stalking and that the incidence(s) of threatened or actual abuse are bona fide in determining whether the protections afforded to such individuals under VAWA are applicable. The MSGHA may request in writing that an individual complete, sign and submit, within 14 business days of the request, a HUD-approved certification form (Form HUD 50066).
>
> On the form, the individual certifies that he/she is a victim of domestic violence, dating violence, or stalking, and that the incident or incidences in question are bona fide incidences of such actual or

threatened abuse. On the certification form, the individual shall provide the name of the perpetrator.

An owner or PHA is not required to demand that an individual produce official documentation or physical proof of an individual's status as a victim of domestic violence, dating violence, sexual assault or stalking in order to receive the protections of VAWA. Note that, a PHA, owner or manager, at their discretion, may provide assistance to an individual based solely upon the individual's statement or other corroborating evidence.

The PHA, owner or manager should be mindful that the delivery of the certification form to the tenant in response to an incident via mail may place the victim at risk, e.g., the abuser may monitor the mail. Therefore, PHA's, owners and managers may require that the tenant come into the office to pick up the certification form and are encouraged work with tenants to make delivery arrangements that do no place the tenant ant risk. If the individual doses not provide the form HUD-50066 or the information that may be provided in lieu of the certification by the 14th business day or any extension of that date provided by the PHA, owner or manager, none to the protections afforded to the victim of domestic violence, dating violence or staling by sections 606 or 607 will apply. The PHA, owner or manager would therefore be free to evict, or to terminate assistance, in the circumstances authorize by otherwise applicable law and lease provisions, without regard to the amendments made by Sections 606 and 607.

In lieu of a certification form, or in addition to the certification form, a tenant may provide to the PHA and the owners:

- A Federal, State, tribal, territorial, or local police record or court record;
- Documentation signed and attested to by an employee, agent or volunteer of a victim service provider, an attorney or a medical professional, from whom the victim has sought assistance in addressing domestic violence, dating violence or stalking, or the effects of abuse, in which the professional attests under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse, and the victim of domestic violence, or stalking has signed or attested to the documentation.

Protections for Victims of Abuse

The new requirements of VAWA 2005 are:

- An incident or incidents of actual or threatened domestic violence, dating violence, or stalking will not be construed as serious or repeated violations of the lease or other "good cause" for termination of the assistance, tenancy, or occupancy rights of a victim of abuse. (Section 8(o)(7)(C) of the U.S. Housing Act of 1937.)

- Criminal activity directly relating to abuse, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenant's family is the victim or threatened victim of that abuse. (Section 8(o)(7)(D)(i) of the U.S. Housing Act of 1937.)

- Notwithstanding the VAWA restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, a PHA may terminate assistance to or an owner or manager may "bifurcate" a lease, or otherwise remove a household member from a lease, without regard to whether a household member is a signatory to the lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others. This action may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of the violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the housing choice voucher program. (Section 8(o)(7)(D)(ii) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) may be construed to limit the authority of a public housing agency, owner, or manager, when notified, to honor court orders addressing rights of access or control of the property, including civil protection orders issued to protect the victim and issued to address the distribution or possession of property among the household members in cases where a family breaks up. (Section 8(o)(7)(D)(iii) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) limits any otherwise available authority of an owner or manager to evict or the public housing agency to terminate assistance to a tenant for any violation of a lease not premised on the act or acts of violence in question against the tenant or a member of the tenant's household, provided that the owner, manager, or public housing agency does not subject an individual who is or has been a victim of

domestic violence, dating violence, or stalking to a more demanding standard than other tenants in determining whether to evict or terminate. (Section 8(o)(7)(D)(iv) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) may be construed to limit the authority of an owner or manager to evict, or the public housing agency to terminate assistance, to any tenant if the owner, manager, or public housing agency can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the property if the tenant is not evicted or terminated from assistance. (Section 8(o)(7)(D)(v) of the U.S. Housing Act of 1937.)

- Nothing in Section 8(o)(7)(D)(i) shall be construed to supersede any provision of any Federal, State, or local law that provides greater protection than Section 8(o)(7)(D)(i) for victims of domestic violence, dating violence, or stalking. (Section 8(o)(7)(D)(vi) of the U.S. Housing Act of 1937.)

Portability to Protect Victims of Abuse

The family may receive a voucher and move in violation of the lease under the portability procedures if the family has complied with all other obligations of the voucher program and has moved out of the assisted dwelling unit in order to protect the health or safety of an individual who is or has been the victim of domestic violence, dating violence, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the assisted dwelling unit.

If the circumstances described above exist, the PHA may allow a family to move under portability procedures if the only basis for the denial is that the family is violating the lease agreement. The PHA may request that the family provide the HUD-approved certification form (form HUD-50066), or other acceptable documentation in order to verify the family's claim that the request to move is prompted by incidences of abuse in the unit

2. Definitions:

a-**Domestic Violence**: Includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim share a child in common, by a person who is cohabitated with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that

person's acts under the domestic or family violence laws of the jurisdiction.

b-**Dating Violence**: Violence committed by a person:
who is or has been is a social relationship of a romantic or intimate nature with the victim; and where the existence of such a relationship shall be determined based on a consideration of the following factors: (i) the length of the relationship; (ii) the type of relationship; and (iii) the frequency of interaction between the persons involved in the relationship.

c-**Stalking**: to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate; or to place under surveillance with the intent to kill, injure, harass, or intimidate another person; and in the course of, or as a result of, such following, pursuit, surveillance, or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to (i) that person; (ii) a member of the immediate family of that person; or (iii) the spouse or intimate partner of that person.

d-**Immediate Family Member:** spouse, parent, brother or sister, or child of the person, or an individual to whom that person stands in loco parentis (in place of a parent); or any other person living in the household of that person and related to that person by blood or marriage.

3-Confidentiality:

All information provided to a PHA, manager or an owner relating to the incident(s) of domestic violence, including the fact that an individual is a victim of violence, dating violence, or stalking, must be retained in confidence by the PHA or owner and must neither be entered into any shared database or provided to a related entity, except to the extent that the disclosure is:

- requested or consented by the individual in writing;
- required for use in an eviction proceeding or termination of assistance; or,
- otherwise required by applicable law.

4- The Municipality of San Germán will notify owners of their rights and obligations under VAWA. Will also encourage owners to access VAWA via the internet at the following Website addresses:

http:www.gpoaccess.gov/plaws/index.html *or* *http://thomas.loc.gov/bss/d1099laws.html*

5- The Municipality of San Germán will provide to the eligible families at the time of admission a list of the name and photos of sex offenders in this municipality and near ones.

6- The Municipality of San Germán will also provide a list of phones and places were women that are victim of domestic violence, dating violence, sexual assault, or stalking, can receive orientation and help in this matter.

FAMILY SELF SUFFICIENCY PROGRAM ACTION PLAN

I. INTRODUCTION

For many families progress and economical stability has been a struggling combat on daily basis. To some poverty is a short-term status. A family breaks up, a loss of a job or a medical condition may bring on a temporary condition of poverty. Nevertheless many families recover and return to productive lives. There is however, a growing segment of our population that remain in needs, chronically unemployed, welfare recipients and basically dependant of government assistance programs.

The Municipality of San Germán wants to take the opportunity to increase the Family Self-Sufficiency Program, through the update of our Action Plan to fight the problems of poverty and dependency of our residents. Using techniques that will focus and work as basis for the progress of these families. Community Agencies both government and private have been encouraged to continue their participation. This is an Action Plan prepared upon program approval containing specific dates.

II. PROGRAM DESIGN

A. Level 1- Program Management and Agency Coordination

San Germán Housing Authority (PHA) has designated a coordinator to supervise and structure programs as well as a Coordinating Committee integrated by:

1. professional representatives from public housing
2. education
3. labor
4. criminal justice
5. police department
6. health and human services
7. church
8. community leaders
9. local business

Along with having input into the program design and the action steps
Of the program, the team will is responsible for:

1. Selecting representatives
2. Making specific commitments of time, staff and resources to the program
3. Develop a working relationship with the program coordinator trainer
4. Provide input into the program research and evaluation process

B. Level 2 - Program Implementation

Program implementation consists of the following:

1. Tenant Participation Selection

When vouchers become available, eligible families participating in the voucher choice program will be given the opportunity to participate in the program after carefully explaining the details of the FSS Program. If the family refuses to participate, they will **not** loose their participation in the voucher choice program. Those that agree to participate must follow program requirements or assistance will be terminated. *Anyone convicted of any type of sexual offense that requires a lifetime registration as sexual offender under state law shall not be admitted. MANDATORY PROHIBITION. (24 CFR 982.553)*

2. Tenant Group Orientation and Initial Training

The group orientation and initial training will be designed to establish and reinforce new social rules, norms and values, strengthen and increase self-image. Motivate participants to search for the development of skills and make effective use of community progress for growth and development.

During the initial orientation the following information will be provided to the selected participants:

a. The objectives of the FSS Program
b. The initial eligibility requirements for participation
c. Selection process
d. The number of Section 8 Voucher Choice Program available for the FSS Program
e. Introduction to the FSS programs contract
f. Grievance procedure

3. Work Preparation Counseling

Selected families will participate in activities designed to help the individuals take charge of their own living and learning environments. Counseling will be offered regarding drug abuse, health problems (Ex.: HIV), improve working habits, parent child relationship, budgeting and household management. The process will emphasize the practice of these supporting tools. Counseling will be a continuous process.

4. Individual Skills Training

After completing initial training, the participants will be interviewed by qualified staff as well as committee members representing a variety of disciplines. Bases on the interviews, personal need assessment, will be prepared with corresponding individual Action Plan.

The personal needs assessment will identify any special needs of limitations that may inhibit the participant from achieving self-sufficiency.

The following committee representatives will handle this phase of the program:

- Human Resources and Labor Department
- Public Housing Agency (Social Workers)
- Education Department
- Community Civic Organizations
- Agricultural Extension Services
- The Church of Jesus Christ of LDS
- Catholic Church
- Baptist Church
- Interamerican University
- Private Organizations such as:
  1. Red Cross
  2. Rotary Club
  3. Lions Club

5. Job Training

During the training periods, employment agencies will be used to the maximum to encourage self-sufficiency and eventually begin the process of social and economical stability.

6. Job Replacement and Retention

This step is designed to increase the possibilities of finding and retaining good jobs. With this initial support and continued encouragement, as well as, monitoring their progress, the families will achieve self-sufficiency and begin the progress of accomplishing initial goals.

7. Support Services

Some of the services that may be offered can be childcare, transportation assistance, support groups, etc. The FSS Program coordinator will facilitate referrals to these service providers.

8. Escrow Account (HUD Form 52652)

The Section 8 Voucher Choice/FSS Program accounting division will establish a FSS escrow account for each family participating in the program. In accordance

with HUD regulations during the term of the contact of participation, the PHA (San Germán Housing Authority) will credit to the FSS escrow account the littlest of thirty percent of current monthly-adjusted income.

HOW IT WORKS

- A participating family's earned income may increase during the term of the contract of participation.

- If this occurs, the PHA is required to credit to an escrow account a portion of the increase of rent that would otherwise result from increases in earned income during the term of the Contract of Participation.

- The escrow is only based on increase of earned income.

- Earned income is defined as income from wages, salaries and other employee compensation as well as any earnings from self-employment.

- It does not include any pension or annuity, transfer payments or any cash or in kind benefits.

- This is before payroll deductions. It includes overtime, commissions, tips. Bonuses and fees.

- Earned income also includes net income from the operation of a business or profession and military pay that is normally included in Annual Income definition.

- Earned income does not include income of children under 18. Once a dependant turns 18, automatically he/she is considered an adult and the income is counted. Unless this dependant is a full time student. In which case this dependant's income is excluded.

- The PHA must establish an escrow savings account for each participating family in the FSS program.

- During the term of the contract of Participation, the PHA will credit to the FSS account the amount of the FSS credit calculated in accordance with the procedures described as follows.

- The PHA must set up an escrow account amount for each family in two situations.

    1. When the family becomes employed when they previously were not; or

    2. When the family starts out with employment income and has an increase in employment income.

- If the family participates in education or job training and there is no employment income, there is no escrow fund calculation made.

- If there is no earned (employment) income, there is no contribution to an escrow account.

- Although the escrow account is like a "forced savings account" the families increased payment does not go directly into the escrow account in the Section 8 Program.

- Families pay regular share according to their income to the owner. PHA escrows an amount equal to the extra amount they are paying due to increased employment income from the HAP account.

- In Section 8 Voucher Choice Program, the PHA deposits in the family's escrow account an amount equal to the decrease in the Housing Assistance Payment paid by HUD.

- In the Public Housing Program, because the tenant rent is paid directly to the PHA, the PHA directly escrows the additional amount from the tenant's rent.

- The increased payment goes directly into the escrow account in Public Housing because the family pays the PHA, not the owner.

- PHA's can exclude the amount credited to the escrow account in calculating operated subsidy eligibility.

- There is no escrow if current family contribution is less than family contribution when contract was executed.

- For there to be an escrow, family contribution must be greater than family contribution when contract was executed.

9. Evaluation

   The evaluation of the projects success will be measured in terms of the families self-sufficiency goals achieved. All participants will be evaluated using the following criteria:

   - Educational level attained
   - Employment
   - Annual Income
   - Job skills developed
   - Job placement

III. COMMUNITY SERVICE AND PROGRAMS AVAILABLE

A description of service and programs available in our community and represented in our committee are as follows:

1. Upward Bound Program- directed to meet academic and counseling needs of students with educational problems.

    a. cultural activities
    b. seminars about study habits
    c. economic assistance for continuing education
    d. vocational counseling
    e. preparation for College Board
    f. remedial courses

2. Educational Counseling- Available for junior-high school students, for those who have a high school diploma and want to continue post secondary studies.

    a. academic counseling
    b. vocational counseling
    c. personal counseling
    d. seminars about study habits
    e. cultural activities
    f. placement tests

3. Southwest Consortium WIA Program- This program offers the following service and training's:

    1.) Institutional training

        a.) High School Diploma
        b.) Certified Plumbing Training
        c.) Certified Secretarial Skills
        d.) Certified Landscaping Skills

4. Department of Education- The state Department of Education contributes to the FSS Program with the following services:

    a. Adult Basic Education (1st through 8th grade)
    b. Adult Secondary Education (9th through 12th grade)
    c. Placing Tests and courses (Act. 188)

IV. SUPPORT SERVICES AVAILABLE

By the coordinated efforts of public and private entities participating and providing support to the FSS Program, obstacles to family's self-sufficiency can be minimized or eliminated. Support services to be provided are as follows:

1. Child Care

Childcare is considered an essential element of a successful self-sufficiency program. The local government through Head Start Centers and SENDEC provide these services.

2. Counseling Assistance

Technical staff of the Municipal Section 8 Voucher Choice Program is available to provide counseling assistance or canalize help through local religious members of our community.

3. Owners Participation

Local flyers and newspaper indicating the housing types and size requested for eligible families are posted to contact owners of eligible units to participate in the program.

4. Transportation

Transportation assistance to program participants is provided by our Municipality and other volunteer community groups.

5. Job Development, Training and Placement

The Department of Labor and Human Resources as well as the Southwest Consortium WIA Program are providing assistance in these areas.

V. CONTRACT OF PARTICIPATION (HUD Form 52650 & 52650-S)

The contract of participation is an agreement between the PHA and the family. It includes an individual training and services plan, designed specially for the client.

The contract describes:

1.) The resources and appropriate supportive services which will be made available to the family under FSS.
2.) The PHA authority to terminate or withhold FSS supportive services and the termination of housing assistance if the family does not comply with the contract terms.
3.) The family's requirement to fulfill the obligations to which it has committed itself no later than five (5) years after entering into the contract.

It requires that the head of household seek and maintain suitable employment throughout the term of the contract, including any extensions to the contract.
Employment should reflect the persons training and availability for job opportunities. Head of household must seek employment.

The contract may require other family members to attend job training and counseling and interview for jobs, but the contract is fulfilled even if they do not find a job. PHA will define "seek employment" and develop appropriate standards dour documentation. This is defined in negotiations with the head of household, as part of the contract of participation. It could include, looking for a job, going on interviews, following up on employment opportunities. The family should be encouraged to seek more than a minimum wage job.

A. CHANGES IN THE CONTRACT

The PHA may agree to changes in the contract of participation such as:

- Number and identity of household members who will participate
- Family Self Sufficiency designated head
- Support Services providers as the family's needs and interest change.

Change must be consistent with local program objectives. The PHA must approve the changes.

B. EXTENSION ON THE CONTRACT

Contract may be extended for up to two years beyond the original (5) five-year term. Extensions must be for good cause such as: Serious illness, involuntary loss of employment. The family will continue to receive escrow credits during period of extension.

Non performance of the employment provision of the Contract by the head is not a good reason to extend the contract. Extension could be granted for rare circumstances, such as closing of a factory.

C. TRANSITIONAL ASSISTANCE

Continued provision of family self sufficiency support services can be offered to the family under these conditions:

- Family has completed Contract of participation, Family is employed; and the continuation of support services would assist the family to remain self-sufficiency.

D. GRIEVANCE PROCEDURE

1. GRIEVANCE DEFINITION

For the purposes of the procedure set forth herein a grievance or complaint shall be defined as:

a. Any dispute involving interpretation or application of the PHA' s

Regulations, policies or procedures, which affect the rights or duties of the complainant.

b. Any action or omission to act by the PHA or a tenant who may affect the welfare or status of a tenant or the PHA.

E. TERMINATION OF ASSISTANCE

Assistance under the program will be automatically continued for eligible families unless the contract is terminated by the Municipality for reasons similar to those set forth in the HAP contract, such as:

- The family vacates the unit in violation of the lease without the owner's approval, and without notifying program.
- If the family vacates its unit in violation of the lease or tenancy agreement, the owner shall receive the housing assistance payment due under the HAP contract for the period of the month that the unit is vacant. If the unit continues to remain vacant after the first month, the owner shall receive a housing assistance payment from the PHA in the amount of 80 percent of the contract rent for a vacancy period not exceeding one additional month, or the expiration of the lease or tenancy agreement, whichever comes first. If the owner collects any of the family's shares, this must be reduced to an amount in which the payment does not exceed 80 percent of the contract rent.
- The owner has evicted the family in accordance with State/Local Law. (The owner must notify the Section 8 Office before instituting eviction procedures).

The PHA may also cancel the contract if:

- The family no longer requires assistance.
- The unit fails HQS.
- The unit is overcrowded and does not meet the HQS space requirements.
- The family does not comply with the obligations stated in the contract (FSS Contract). Even if the designated head of household is different from the one that started originally in the program.
- If the family has tried and failed to find employment, the PHA can cancel the participation in the FSS program but may choose not to cancel participation in the Voucher Choice Program.
- The Municipality discovers program abuse.
- The owner does not comply with the terms of the housing contract.
- The family and owner will be notified in writing before the termination.

1. EVICTIONS

- Although the Municipality of San Germán does not authorize or deny eviction actions, owners are required to:

- Comply with the requirements of State/Local Law.

- Provide a copy of the notice to the office when the notice is given to the family.

- *In accordance with PIH NOTICE 2006-23 the Municipality of San Germán establishes administrative procedures that prevent the eviction or termination of assistance from the Section 8 Programs of victims of domestic violence, dating violence, sexual assault or stalking.*

2. INFORMAL HEARINGS FOR DENIAL, REDUCTION OF TERMINATION OF ASSISTANCE:

The Municipality of San Germán, upon determining that a participant is ineligible, will notify the participant in writing the reasons for the ineligibility and their right to request an informal hearing.

If a tenant requests an informal hearing the hearing will be conducted by a hearing officer or other public official who is not directly involved in a day-by-day administration of the program.

In addition, the family may retain counsel or other representation, if desired, at his or her own expense. The family or its counsel/representative must also be given an opportunity to present testimony and evidence in its favor. The decision of the hearing official must be in writing, based solely on evidence provided at the hearing and must state the legal and clear grounds for the decision.

3. HEARING PROCEDURES

The hearing must be promptly scheduled for a date and time at a place designated by the hearing officer.

a. If the complainant does not file a grievance within the time allowed, he or she waives his right to the hearing. However, this shall not constitute a waiver of his right to thereafter battle the PHA's disposition of his grievance in an appropriate judicial proceeding.
b. The hearing shall be private unless the complaint requests a public hearing. If the grievance is related to eviction from unit fines, inspections, transfers, rental disputes or any other violation to the contract, the complainant may examine before the hearing any copy at his or her expense, all documents, records and regulations of the PHA that are relevant to the hearing. The complainant may request, in advance and at his or her expense, a transcript of the hearing.
c. The decision of the hearing officer shall be based upon evidence applicable to the program and HUD rules and regulations. If the decision is in favor of the complainant, the PHA shall take all actions

necessary to carry out such decision or refrain from any action provided by such decision.

d. The hearing officer shall prepare a written decision, including a statement of findings and conclusions, as well as the reasons or basis therefore, upon all material issues raised by the parties. This shall be done within five (5) working days after the date of the hearing. Copies shall be mailed to the complainant or the representative upon prior request.

e. All written decision as well as documents related to the hearing will remain in the Municipality and available for inspection by any prospective complainant or their representative.

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Housing Choice Voucher Program
HOMEOWNERSHIP OPTION

I. Homeownership option: General (24 CFR 982.625)

Executive Summary

Aware of the fact that the majority of the families within our tenant-based Housing Choice Voucher Program are desirous to become home owners and cognizant that a proactive housing policy which is responsive as well as responsible is built upon the recognition of the centrality of housing and how it relates to the successful passage through each stage of human development, the Municipality has determined to establish and implement a viable and workable Homeownership Program to satisfy this need.

It is the administration's belief that it is imperative that every government entity establishes as proactive housing policy that provides low-income families with decent, safe and healthy dwellings, thereby developing the urban living environment and improving the economic and social standards of its citizens. Needless to say, housing stability achieved through affordability, preservation, and neighborhood safety as some of the fundamental elements to the successful participation in the workforce by adults within a family, the fulfillment of parental responsibilities and the maintenance of good health as well as the productivity of people of all ages.

One of the major objectives of the present Administration within the Municipality of San Germans to create maximum opportunities for both low and very low-income families to become first-time homeowners. Experience has clearly demonstrated that homeowners take more pride in, and better care of their individual housing, than those families who occupy rental units. This fact will clearly assist in:

- **Eliminating blight and blighting conditions within low-income and very low-income areas by preserving existing housing units.**

- **Develop self-sufficiency by encouraging other low and very low-income families to become self-sufficient, in order to qualify as first-time homeowners.**

- **Revitalize and stabilize existing and deteriorated low-income neighborhoods.**

The Municipality of San Germán will provide homeownership assistance to families currently receiving rental assistance under our tenant-based Housing Choice Voucher Program to purchase existing housing. Under this program, the PHA will use voucher funding available under the ACC to help families with monthly homeownership expenses and/or as a down payment grant.

In order to achieve any degree of success in creating affordable housing for households classified as being either low or very low-income requires funding from multiple funding sources. The Municipality will take into account and consider the appropriate changes in order to implement the Homeownership Program, whereby it will consider the following:

1- Assistance will be provided for:

   a. (FTH) First time homeowners, (FTH, means that no member of the household has had an ownership interest in any residence during the three years preceding commencement of homeownership assistance. A single person or displaced homemaker who while married owned a home with a spouse is considered a FTH for purpose of the Section 8 homeownership program.)

   b. Family that owns or is acquiring shares in a cooperative.

2- The program will be offered to newly admitted families or existing participant in the Section 8 Housing Choice Voucher Program.

3- The total family that will be serviced through this program will be limited to a maximum of 20%, initially.

4- Our Homeownership Program will offer both options to the family under the final rule approved, whereby the PHA is authorized to make accessible to these same families the option of receiving a down payment grant equivalent to one year's payment or monthly homeownership assistance payment.

5- Funding levels.

II. Down Payment

Families are required to remit a down payment to the financial institution that is at least 3 percent of the sale price. One percent of the down payment must come from the family's own resources.

III. Requirements

A. Eligibility Requirements (24 CFR 982.627)

The family must meet all the requirements listed below before the commencement of homeownership assistance:

1- The family must be eligible for the Housing Choice Voucher Program.

2- The Municipality of San Germán defines a family participant to be in "good standing" as:

a. Having no outstanding debts to the Municipality of San Germán or any other Housing Authority.

b. Having no outstanding debts in relation to unpaid rents.

3- The family must qualify as a FTH, or may be a cooperative member as defined by HUD.

4- The head of household, spouse or adult family member must meet the Federal minimum income requirement. Whereby, they must have a gross annual income equal to the federal minimum wage multiplied by 2000, based on the income of adult family members who will own the home. Unless the family is elderly or disabled, income from welfare assistance will not be counted toward this requirement.

5- As previously stated the family must meet the Federal minimum employment, which is defined as follows:

a- At lease one adult family member who will own the home must be currently employed full time and must have been continuously employed for one year prior to homeownership assistance.

The Municipality of San Germán will also consider whether and to what extent an employment interruption is considered permissible, satisfying, employment requirement. Interruptions of less than 60 days will count as continuous employment during the year. The Municipality of San Germán will also consider successive employments during the one-year period and self-employment a business.

b- HUD regulations define "full-time employment" as not less than an average of 30 hours per week.

c- The federal minimum employment requirement does not apply to elderly or disabled families.

6- Any family member who has previously defaulted on a mortgage obtained through homeownership option and/or any other federally subsidized mortgage program is barred from receiving future homeownership assistance.

7- Must attend and satisfactorily successfully complete a minimum of 8 hours of the PHA's pre-assistance homeownership and housing counseling program the maximum will be a case by case in accordance to the families needs.

8- Must complete the pre-qualification process with the identified entity.

B. <u>Eligible Units (24 CFR 982.628)</u>

The unit must meet all of the following requirements:

◊ The unit must meet HUD's "Eligible Housing" requirements. The unit may not be any of the following:

- √ A public housing or Indian housing unit;
- √ A unit receiving Section 8 project-based assistance;
- √ A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services;

- √ A college or other school dormitory;
- √ On the grounds of penal, reformatory, medical, mental, similar public or private institution.

◊ The unit already existed or under construction at the time the family was determined eligible for homeownership assistance.

◊ The unit is a one-unit property or a single dwelling unit in a cooperative or condominium.

◊ The unit has been inspected by the inspector of the Municipality of San Germán and meets HUD HQS.

◊ An independent inspector designed by the family has inspected the unit.

- ° The unit has been inspected and meets HUD Housing Quality Standards.

The Municipality of San Germán will not approve the seller of the unit if it has been informed by HUD or otherwise if that the seller of the home is debarred, suspended, or subject to a limited denial of participation.

C. Finding and Financing a Home (24 CFR 982.629)

Families that meet the eligibility criteria and complete the pre-qualification process will then be issued a voucher to locate a home. Pre-qualification will be conducted by referral agencies such as the Puerto Rico Housing Finance Authority and the United States Department of Agriculture – Rural Development.

Eligible families will be given an initial time frame of 90 days to locate a home, secure financing and purchasing. Extensions may be given in 30-day intervals to complete the purchasing process up to an additional 90 days. The time frame allotted to locate a home, secure financing and purchasing may not exceed a maximum of 180 days. The family must notify every 60 days the Municipality of San Germán their actions taken in financiering there home. This notification must be in submitted in written and send to our office by mail or taken in person to our Office.

Families may select homes to purchase that exist at the time eligibility is determined or a unit that is under construction.

If the family fails to find a home to purchase within the allotted time frame, the Homeownership voucher will be rescinded and the family will be issued a Voucher to lease a unit.

D. Homeownership Counseling Requirement (24 CFR 982.630)

When the family has been determined eligible, they must attend and satisfactorily complete a minimum of 8 hours homeownership counseling sessions. Such counseling shall be consistent with HUD-approved housing counseling. The counseling program must address minimum issues such as:

1- How to locate a home
2- Budgeting and Money Management
3- Credit Counseling
4- How to acquire Financing
6- Securing a Home
7- Home Maintenance
8- Purchasing adequate Home Insurance

E. Inspection and Contract (24 CFR 982.631)

The unit meets established Housing Quality Standards, and must also be inspected by an independent professional inspector selected and paid by the family. Even if the home (unit) otherwise complies with HQS San Germán Housing Authority shall have discretion to disapprove the unit for assistance under the homeownership option because of information in the inspection report.

The Municipality of San Germán will adhere to the following:

☐ **Home Inspections**

Two home inspections are required:

(1) Housing Quality Standards (under the Housing Choice Voucher Program) by PHA;

(2) Inspection by an independent professional Inspector/Adjuster qualified to report on property conditions including major building

systems and components. The family must pay all costs for the inspection.

(3) The Housing Quality Standards (HQS) does not adequately assess the life span of:
- ☐ Major building components
- ☐ Building systems
- ☐ Appliances
- ☐ Other structural component

(4) The independent inspection must cover major systems and components including:
- ☐ Foundation and structure
- ☐ Housing interior and exterior
- ☐ Roofing, plumbing, electrical and heating systems (if applicable)

(5) The independent inspector-adjuster may not be an employee of the Municipality of San Germán contractor or other person under the control of the Municipality.

☐ Inspection Certification

Upon completion of the inspection, the inspector will provide the Municipality of San Germán and the family with copies of its report.

☐ Repairs

Both the family and the PHA will determine if any pre-purchase repairs are necessary. Should repairs be needed, the seller is obligated to pay and not the family.

☐ **Contract of Sale**

Prior to execution of the offer to purchase or sales contract, the family must provide the financing terms to San Germán Housing Authority for approval.

They must provide a copy of the contract of sale in accordance with Section 982.627(a) (7).

The contract of sale must:

(1) Specify the price and other terms of sale by the seller to the purchaser.
(2) Provide that the purchaser will arrange for pre-purchase inspection of the dwelling unit by an independent professional Inspector/Adjuster selected by the purchaser.
(3) Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser and the San Germán Housing Authority.
(4) Provide that the purchaser is not obligated to pay for any necessary repairs.
(5) Contain a certification from the seller that the seller has not been debarred, suspended or subject to a limited denial of participation under 24 CFR part 24.

F. Financing Requirements (24 CFR 982.632)

The Municipality of San Germán will provide HOP on a monthly basis (after closing) to help family meet mortgage payments and home expenses. The following types of financing are prohibited and will not be approved:

< Balloon payments mortgage.
< Variable interest notes.
< Private seller financing shall be considered by HA on a case-by-case basis.
< The proposed financing terms must be submitted and approved by the San Germán Housing Authority prior to the close of the escrow. San Germán Housing Authority shall determine the affordability of the family's proposed financing. In making such determination, San Germán Housing Authority may take into account other family expenses, including but not limited to childcare unreimbursed medical expenses, education and training expenses etc.
< If a mortgage is not FHA-insured, San Germán Housing will require the lender to comply with secondary mortgage market underwriting requirements on comply with the generally accepted private sector underwriting standards such as those consistent with that of HUD/FHA, Ginnie Mae, Fannie Mae, Freddie Mac, or other private lending institution.

G. Continued Assistance (24 CFR 982.633)

Homeownership assistance may only be paid while the family is residing in the home. The family or lender is not required to refund homeownership assistance for the month when the family moves out.

☐ The family must comply with the following obligations:

1. The family must attend and complete ongoing homeownership and housing counseling.

2. The family must comply with terms of the mortgage securing debt incurred to purchase the home, or any refinancing of such debt.

3. The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to 24 CFR 982.551 (h) and (i).

4. The family must supply information to the Municipality of San Germán or HUD as specified in 24 CFR 982.551 (b). The family must further supply any information required by the Municipality or HUD concerning any mortgage or other debt incurred to purchase the home and any refinancing of such debt, sale or transfer of any interest in the home, or homeownership expenses.

5. The family must notify the PHA before moving out of the house.

6. The PHA must be notified if the family defaults on the mortgage used to purchase the home. The family must report the PHA if they are 7 days late payment.

7. No family member may have any ownership interest in any other residential property during the time the family is receiving homeownership assistance under this subpart.

8. Before commencement of homeownership assistance, the family must execute statement in which the family agrees to comply with all family obligations under the homeownership option. The HA staff will explain any or all clauses which you the homebuyer(s), may not understand. See Appendix A Section 8 Homeownership ownership obligations.

9. The family must comply with the obligation of a participant family described in 982.551. However, the following provisions do not apply to assistance under the homeownership option: 982.551(c), (d), (e), (f), (g) and (j).

Families will be required to complete a Statement of Homeownership Obligation stating that the family agrees to comply with all family obligations under the homeownership option. The family must agree to:

- Comply with the terms of mortgage
- Use and occupy unit as the Family's only residence
- Report changes in family composition
- Complete annual recertification
- No subletting or leasing
- Supply information concerning refinancing such debt, payment of debt, sale or transfer of any interest in home
- Provide notice of move-out
- Provide Notice of default
- Prohibition on ownership interest on second residence
- During time family receives homeownership assistance, no member reported in the certification may have any interest in any other residential property
- Comply with any additional PHA requirements for continuation of homeownership assistance
- At annual recertification, the family must document that it is current with mortgage, insurance and taxes
- Participate in Post-purchase counseling

H. <u>Maximum Term of Homeownership Assistance (24 CFR 982.634)</u>

Except in the case of elderly or disabled families, the maximum term of homeownership assistance is:

- 15 years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer or 10 years in all other cases.

- If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commence. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance in accordance with this part.)

The elderly exception only applies if the family qualified as elderly at the start of homeownership assistance. The disabled exception applies, if at any time during receipt the Homeownership assistance, the family qualifies as disabled. If the family ceases to qualify as elderly or disabled during the course of Homeownership assistance, the maximum term becomes applicable from the date assistance after the maximum term becomes applicable.

If the family receives homeownership assistance for different homes, or from different PHA's, the total is subject to the maximum term described in (H) (1).

I. Homeownership Assistance Payments and Homeownership Expense (24 CFR 982.635)

While the family is residing in the home the PHA will pay by check a monthly homeownership assistance payment on behalf of the family, is equal to the lower of:

- The Payment Standard minus Total Tenant Payment, or

- The family's monthly Homeownership expense minus the Total Tenant Payment.

The determining the amount of the Homeownership Assistance Payment (HOP), the Municipality will use the same Payment Standard schedule, Payment Standard amounts, and subsidy standard pursuant to 982.402 and 982.503 for homeownership options as for the Housing Choice Voucher Program as described in our Administrative Plan.

Some homeownership expenses are allowances or standards determined by the Municipality of San Germán in accordance with HUD regulations. These allowances are used in determination expenses for all homeownership families and are not based on the condition of the home. The following homeownership expenses will be allowed:

(a) Principal and interest on initial mortgage debt, any refinancing of such debt and any mortgage insurance premium incurred to finance purchase of the home;
(b) Real estate taxes and public assessments on the home;
(c) Home insurance;
(d) Allowances for utilities (Currently in use by the PHA in its Housing Choice Voucher Program);
(e) Allowances for routine maintenance costs not to exceed $100.00 monthly;
(f) Principal and interest mortgage debt incurred to finance costs for major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the PHA determines that allowance of such costs as homeownership expenses as needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person, in accordance with part 8 of this title;
(g) Allowances for major repairs and replacements not to exceed $100.00 monthly;
(h) The cooperative charge or the maintenance and operating costs assessed by the homeowners association, applies only to Condos and Coops.

The family pays expenses not covered by HOP.

Payment to Family or Lender

The Municipality of San Germán will provide the lender with notice of amount of the housing assistance payment prior to close of escrow and will pay the Municipality contribution towards the family's homeowner expense directly to the family, unless otherwise required by the lender. The family will be responsible to submit the entire mortgage payment to the lender unless the lender requires direct payment of the Municipality of San Germán's contribution.

J. Portability (24 CFR982.636)

The family may select an existing or under construction home within the PHA jurisdiction as stated in the Administrative Plan or may exercise portability if the receiving PHA is approving units under a homeownership program and is accepting new homeownership families. The following must be met before the Municipality of San Germán will approve portability for a homeownership family participant:

1. The receiving PHA may absorb families into their programs or bill the initial PHA.
2. The receiving PHA is responsible for providing counseling sessions.
3. The homeownership policies of the receiving PHA shall prevail.

K. Denial or termination (24 CFR 982.638)

If the family defaults on the mortgage, the Municipality of San Germán will terminate homeownership assistance. A Family's homeownership assistance may be terminated if the family fails to comply with its responsibilities, through their actions or their failure to act under Section 8 Program, Housing Authority homeownership policies, or if the family defaults on the mortgage. Except as otherwise approved by the Municipality of San Germán, the family may not convey or transfer the home to any entity or person. The Municipality reserves the right not to allow the family to participate in the tenant-based Housing Choice Voucher Program.

L. Procedure for termination of Homeownership Assistance

A participant in the Section 8 Homeownership Program shall be entitled to the same termination notice and informal hearing procedures set forth in the Administrative Plan of the Municipality of San Germán Housing Choice Voucher Program.

M. On-going Administrative Fees (24 CFR 682.639)

The Municipality of San Germán as the PHA will continue to schedule and conduct the annual recertification for homeownership participants, unless these same families opted to receive the down payment grant. No annual HQS Inspections are required. The PHA shall be entitled to ongoing voucher administrative fees as described in 24 CFR

982.152(b) for each month that homeownership assistance on behalf of the family.

N. Down payment Assistance Grants (24 CFR 682.643)

1- The Municipality of San Germán as the PHA will provide the option of a single down payment assistance grant for a family participant that is receiving rental assistance as well as in compliance with Section A of this supplement.

2- The down payment assistance grant must be applied toward the down payment required in connection with the purchase of the home and/or reasonable and customary closing costs encountered by unassisted homeowners in the local market in connection with the purchase of the home.

3- The maximum down payment grant will not exceed more than twelve times the difference between the payment standard and the total tenant payment.

4- The down payment assistance grant will be paid at the closing of the family's purchase of a home.

5- A family that has received a down payment assistance grant may apply for and receive tenant-based rental assistance, in accordance with program requirements and the Municipality of San Germán policies. Moreover, the Municipality will not commence tenant-based rental assistance for occupancy of the new unit so long as any member of the family owns any title or other interest in the home purchased with homeownership assistance. Furthermore, eighteen months must have passed since the family's receipt of the down payment assistance grant.

O. Waiver or modification of Homeownership Polices

The Executive Director of San Germán shall have the discretion to waive or modify any provision of the Section 8 Homeownership Program or policies not governed by statute or regulation for good cause or to comply with changes in HUD regulations or directives.

P. Utility Allowance

The Municipality of San Germán will use its Housing Choice Voucher Program utility allowance schedule.

Q. Credit Requirements

In compliance with the Fair Credit Act, the lending institution will make credit worthiness of the participant. In case the participant is unable to meet this initial criterion he/she will be referred to credit counseling and then reconsidered for the program.

R. Reaching maximum term of Homeownership Assistance

Once the family is reaching the maximum term of home ownership assistance, the Municipality will notify 90 days before the date of such occurrence, that no further assistance will be disbursed to the family once the date of termination arrives.

S. Restriction regarding the sale of a property acquired by the program

The regulation of the Homeownership Program requires restrictions regarding the sale of a property acquired by this program. This transaction will be subject to a period that will depend of the subsidy obtained from the Section 8 Program and the earnings of the sale. To guarantee the compliance of this part of the regulation, mortgage restrictions will be applied in the scripture of the property to recover part of the subsidy given. Different scenes described where the subsidy can be recovered:

1- If the property is in sale and the family will not acquire another unit or property.

The amount to be refund would be the smallest between:

- √ The aid or subsidy given to the participants during the mortgage term, or
- √ The difference between the property sales price minus the purchase price:
  - > Properties improvements investments.
  - > Costs regarding the sale transaction.

2- <u>If the property is in sale and the family will acquire another unit or property</u>.

The amount of the sales price that exceeds the purchase price will not be used for the acquisition of a new property.

3- <u>When the property is refinanced,</u>

The amount to be refund would be the smallest between:

√ The aid or subsidy given to the participants during the mortgage term, or

√ The difference between the mortgage financial debt versus:
- > Property improvements investment
- > The cost of the sale transaction

The amount to be recovered will decrease as the years go by, according to the fallowing chart:

YEARS	PERCENT TO BE RECOVERED
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	10%
OVER 11	0%

The funds recovered by the municipality will be used to assist other families in the Homeownership Program.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FISCAL YEAR ENDED JUNE 30, 2009

Hon. Isidro Negrón - Irizarry
Mayor

Mrs. Eli Eida Ortiz
Finance Director

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
Municipal Assembly
Municipality of San Germán, Puerto Rico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Municipality of San Germán, Puerto Rico**, as of and for the year ended June 30, 2009, which collectively comprise the Municipality of San Germán, Puerto Rico's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Municipality of San Germán, Puerto Rico's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Municipality's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Municipality of San Germán, Puerto Rico, as of June 30, 2009, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009, on our consideration of the Municipality of San Germán, Puerto Rico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 54 through 56, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of San Germán, Puerto Rico's basic financial statements. The financial schedule data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Municipality of San Germán, Puerto Rico. The financial schedule data and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Román Toro & Co.

ROMAN TORO & CO., CSP
LICENSE #35 - IN FORCE

Yauco, Puerto Rico
December 29, 2009

Stamp #2474131 was affixed to
the original of this report

MANAGEMENT DISCUSSION AND ANALYSIS

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

As management of the Municipality of San German ("the Municipality"), we offer readers of the Municipality's financial statements this narrative overview and analysis of the financial activities of the Municipality for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements presented in this report.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the Municipality as a whole using the economic resources measurement focus and accrual basis of accounting:

- The assets of the Municipality, on a government-wide basis, exceeded its liabilities at the close of fiscal year 2009 by $38,819,658 (net assets).
- Revenues increased by 23% and expenses increased 10% in comparison with year 2008.
- Net change in net assets amounted to $3,947,220, an increase of 408% with respect to prior year's net change.

Highlights for Fund Financial Statements

Detailed information about the Municipality's most significant funds is found in the funds financial statements, which use the current financial resources measurement focus and modified accrual basis of accounting:

- At June 30, 2009, a net change of ($1,134,570) in the fund balances of the Municipality's governmental funds resulted in a reported combined ending fund balances of $6,978,324. Approximately 2% of the total combined fund balances is unreserved.
- The General Fund reported an excess of expenditures and other financing uses over revenues and other financing sources of $806,143 and an unreserved fund balance of $167,583. Unreserved fund balance decreased 85% from prior year.

General Financial Highlights

- The investment in capital assets as of June 30, 2009 was $44,929,298 (net of depreciation).
- Long term debt increased to $15,585,154.
- On a budgetary basis, actual expenditures exceeded actual revenues by $132,559.

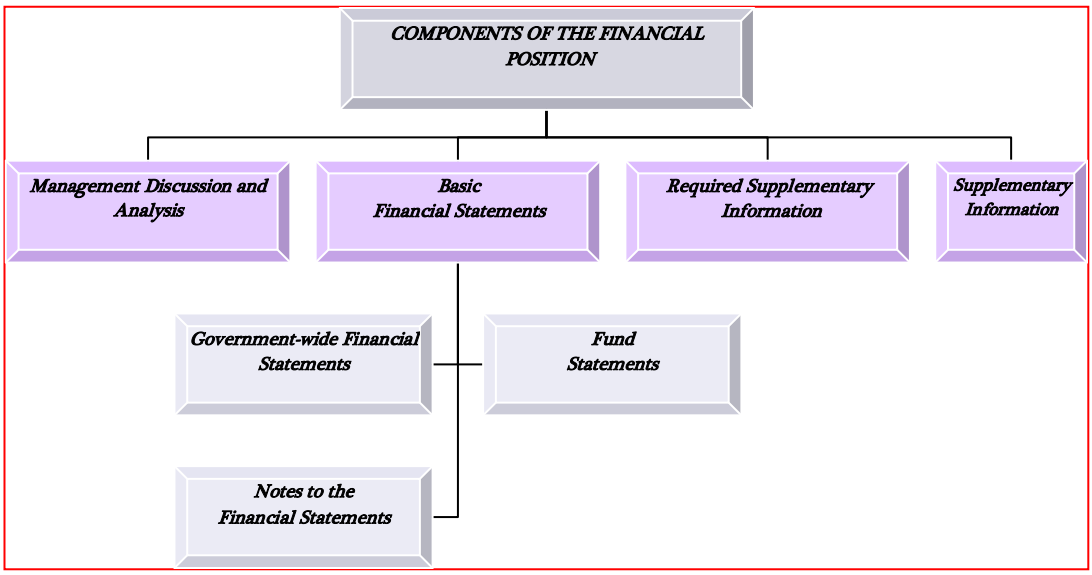
COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS

The Municipality's basic financial statements comprise three components: (1) management discussion and analysis (presented here), (2) basic financial statements, and (3) required supplementary information and (4) other supplementary information.



The Municipality's basic financial statements consist of two kinds of statements, each with a different view of the Municipality's finances. The government-wide financial statements provide both long-term and short-term information about the Municipality's overall financial status. The fund financial statements focus on major aspects of the Municipality's operations, reporting those operations in more detail than the government-wide statements:

Basic Financial Statements

- ***Government-Wide Financial Statements***

  The government-wide statements report information about the Municipality as a whole using accounting methods similar to those used by private-sector businesses. They are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The first government-wide statement – the statement of net assets – presents information on all of the Municipality's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the Municipality's net assets are an indicator of whether its financial health is improving or deteriorating. Other non-financial factors such as the condition of the Municipality's capital assets may need to be considered to assess the overall health of the Municipality. The second statement – the statement of activities – presents information showing how the net assets changed during the year. All of the current year's revenues and expenses are taken into account in the statement of activities regardless of when cash is received or paid.

The government-wide statements reports as governmental activities the Municipality's basic services such as public works, sanitation, public safety, culture and recreation, health, welfare, education and general administration. These activities are primarily financed through property taxes, other local taxes and intergovernmental revenues. Included in the governmental activities are the governmental funds.

- ***Fund Financial Statements***

  The fund financial statements provide more detailed information about the Municipality's most significant funds. Funds are accounting devices that the Municipality uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by Federal and Commonwealth regulations, as well by bond covenants.

  The Municipality's basic services are included in governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide statements, the governmental funds are prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this approach the financial statements focus on near-term inflows and outflows of external resources, as well on balances of expendable resources available at year end. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Municipality's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.

  The governmental fund statements focus on major funds. The Municipality's major funds are the general fund (which accounts for the main operating activities of the Municipality) and funds that complies with a minimum criterion (percentage of the assets, liabilities, revenues or expenditures). Funds that do not comply with this criterion are grouped and presented in a single column as other governmental funds.

- ***Notes to the financial statements***

  The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

Required supplementary information

The statements and notes are followed by the required supplementary information that contains the budgetary comparison schedule for the General Fund.

Supplementary information

The supplementary information includes a financial data schedule containing financial information of the Section 8 Housing Choice Voucher Program administered by the Municipality.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

FINANCIAL ANALYSIS OF THE MUNICIPALITY AS A WHOLE

Net Assets

The following table presents a summary of the Statements of Net Assets as of June 30, 2009 and 2008:

TABLE 1

Summary Statement of Net Assets As of June 30,		
	Governmental Activities	
	2009	**2008 (as restated)**
Assets		
Current and other assets	$ 14,419,167	$ 14,554,304
Capital assets	44,929,298	38,590,275
Total assets	$ 59,348,465	$ 53,144,579
Liabilities		
Current and other liabilities	$ 4,943,653	$ 4,515,472
Long term liabilities	15,585,154	13,756,669
Total liabilities	20,528,807	18,272,141
Net assets		
Invested in capital assets, net of related debt	35,741,919	29,578,870
Restricted	6,062,794	6,808,757
Unrestricted (deficit)	(2,985,055)	(1,515,189)
Total net assets	$ 38,819,658	$ 34,872,438

Net assets (assets over liabilities) may serve over time as a useful indicator of a government's financial position. Net assets for the year increased 11% with respect to prior year.

The largest portion of the Municipality's net assets reflects its investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure); less accumulated depreciation and less any related outstanding debt used to acquire those assets. The Municipality uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources, because capital assets are not generally liquidated for the purpose of retiring debt.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets are the part of the net assets that can be used to finance day-to-day operations without constrains established by debt covenants, enabling legislation or other legal requirements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

As of June 30 2009, the Municipality presented an unrestricted net assets deficit. This deficit primarily arises from long term obligations such as compensated absences and debts to CRIM for which the Municipality did not provide funding in previous budgets. Historically, such obligations have been budgeted on a "pay as you go" basis without providing funding for their future liquidation. In addition, operational loans and certain general obligation bonds do not have a related capital asset to be reported as invested in capital assets, net of related debt section of net assets. Therefore, are reported as part of the unrestricted net assets section.

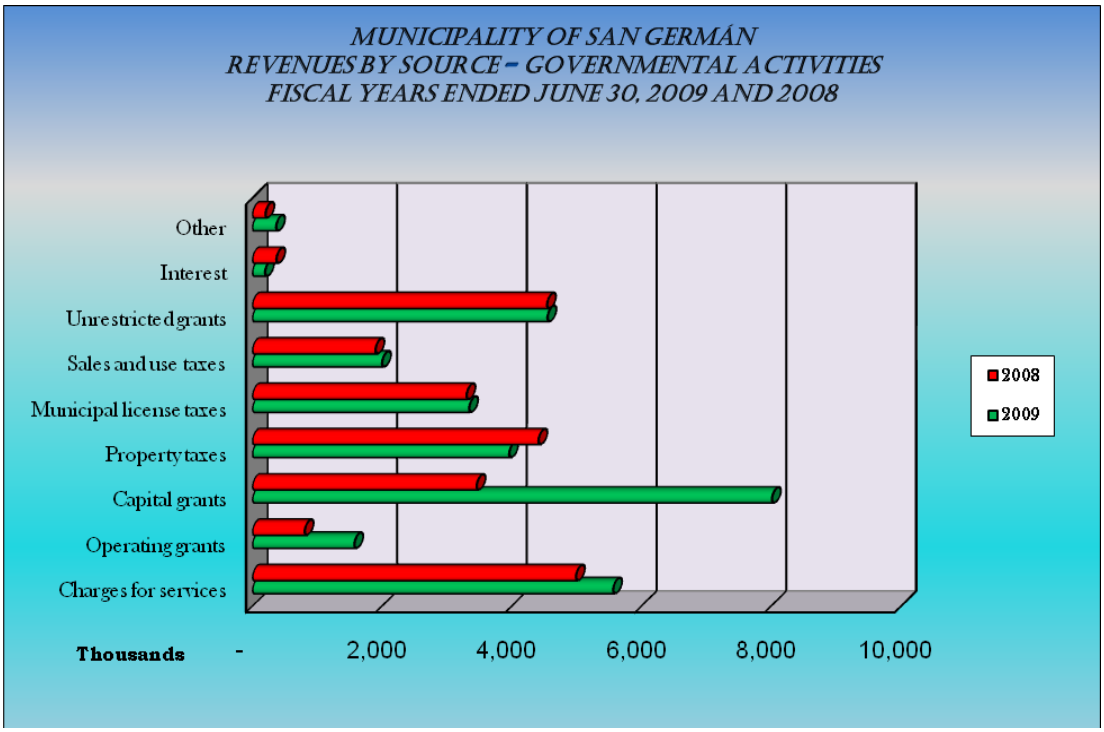
Changes in net assets

The following table summarizes the changes in net assets for the years ended June 30, 2009 and 2008:

TABLE 2

Summary of Changes in Net Assets As of June 30,		
	Governmental Activities	
	2009	**2008 (as restated)**
Program revenues:		
Fees, fines and charges for services	$ 5,560,246	$ 4,987,064
Operating grants and contributions	1,570,527	804,776
Capital grants and contributions	8,008,875	3,456,070
General revenues:		
Property taxes	3,957,513	4,408,873
Municipal license taxes	3,340,440	3,300,674
Sales and use taxes	1,997,928	1,896,619
Grants and contributions not restricted to specific programs	4,547,463	4,541,339
Interest	193,869	368,457
Other	306,265	200,869
Net gain on sale and disposition of capital assets	58,111	-
Total revenues	29,541,237	23,964,741
Expenses:		
General government	7,195,489	5,744,099
Public safety	1,720,820	1,510,096
Public works	10,513,370	10,547,530
Sanitation	1,368,000	1,409,702
Health	786,763	786,763
Welfare	2,641,776	1,900,118
Culture and recreation	565,656	480,139
Education	292,772	295,646
Interest on long term debt	509,371	512,871
Total expenses	25,594,017	23,186,964
Change in net assets	3,947,220	777,777
Net assets-beginning of year, as restated	34,872,438	34,094,661
Net assets-end of year	$ 38,819,658	$ 34,872,438

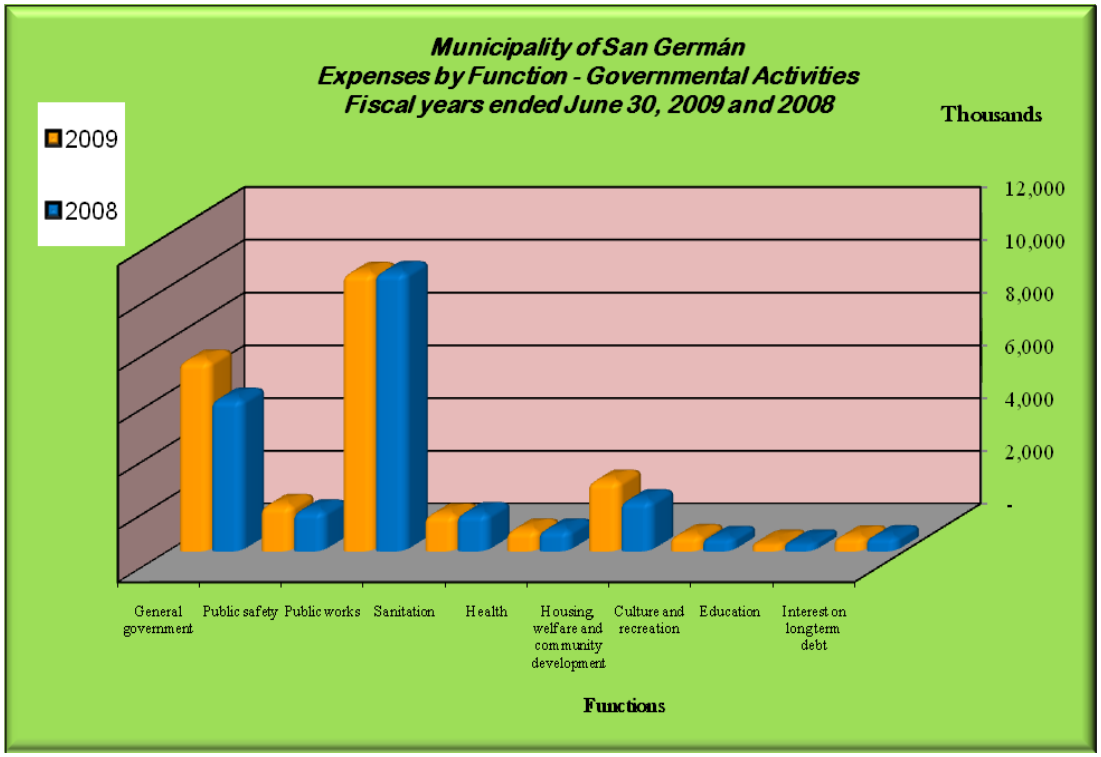
FIGURE 1



Approximately 27% of the Municipality's revenues came from capital grants, 19% from fees and charges for services, 15% unrestricted grants, 13% from property taxes, and 11% from municipal license tax. The Municipality's expenses cover a range of services. The largest expenses are public works and sanitation representing approximately 46%, and general government with 28%.

With respect to prior year, revenues reported a net increase of approximately 23%. This net increase is primarily the result of: (1) a 132% increase in capital grants due to the recognition of $4,204,463 in funds provided by the P.R. Infrastructure Financing Authority for improvements to the Arquelio Torres Coliseum; (2) 95% increase in operating grants mostly due to additional funds received from Homeland Security, FEMA, COPS, the P.R. Office of Elderly Affairs and from the P.R. Office for Public Schools Improvement; (3) a 11% increase in fees and charges for services that resulted from a 60% increase in construction permits, a 46% increase in rent charges and a the recognition of a full year of the management fees received from the P.R. Public Housing Administration (PRPHA) for the administration of two PRPHA's low-income housing developments; (4) and finally, a 10% decrease in property taxes due to a 24% decrease in the property tax collected for the debt service fund (C.A.E.)

FIGURE 2



Expenses increased 10% in comparison with the 2008 year. The most significant increases occurred in housing, welfare and community development, public safety and general government, with 39%, 14% and 25%, respectively. The significant increase in housing, welfare and community development is due to the recognition of a full year of operating costs of the two PRPHA's low-income housing projects administered by the Municipality. The 14% increase in public safety is the result of a 16% increase in the salaries and employee benefits paid to the municipal police force. Finally, the 25% increase in general government is mainly due to the recognition of the payment plans issued with the P.R. Aqueduct and Sewer Authority and the P.R. State Insurance Fund Corporation and of the increase in the P.R. Electric Power Authority (PREPA) debt. As noted previously, the significant net increase in revenues and the reasonable net increase in expenses caused an increase of 408% in the net change in net assets with respect to the prior year's net change.

The following table focuses on the cost of each of the Municipality's largest programs as well as each program's net cost (total cost less fees generated by the programs and program –specific intergovernmental aid):

TABLE 3

Net Cost of Municipality's Governmental Activities Fiscal years ended June 30,				
	Total Cost of Services		**Net Cost of Services**	
Functions/Programs	**2009**	**2008 (as restated)**	**2009**	**2008 (as restated)**
General government	$ 7,195,489	$ 5,744,099	$ (4,835,544)	$ (3,884,096)
Public safety	1,720,820	1,510,096	(1,539,920)	(1,454,349)
Public works	10,513,370	10,547,530	312,732	(4,190,513)
Sanitation	1,368,000	1,409,702	(1,368,000)	(1,409,702)
Health	786,763	786,763	(786,763)	(786,763)
Housing, welfare and community development	2,641,776	1,900,118	(892,108)	(975,720)
Culture and Recreation	565,656	480,139	(550,622)	(437,778)
Education	292,772	295,646	(284,773)	(287,262)
Other	509,371	512,871	(509,371)	(512,871)
	$ 25,594,017	$ 23,186,964	$ (10,454,369)	$ (13,939,054)

The net cost of services was fully covered by other general revenues such as property and municipal license taxes among others.

FINANCIAL ANALYSIS OF THE MUNICIPALITY'S FUNDS

Governmental funds

The focus of the Municipality's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for spending. Such information is useful in assessing the Municipality's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Municipality's net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2009, the governmental funds reported combined ending fund balances of $6,978,324, a net decrease of $1,134,570 in comparison with the prior year. This decrease was caused primarily by a net change in the general fund of ($806,143); $200,698 in the debt service fund; ($125,043) in the Commonwealth Legislative Resolutions; and ($413,853) in the Permanent Capital Improvements fund. Of the total combined fund balances, $167,583 (2%) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that is not available for new spending.

The general fund is the operating fund of the Municipality. For the year ended June 30, 2009, the fund balance of the general fund decreased by $806,143 when compared with the prior year. There was a net increase in revenues of $394,391 due to: (1) an increase of $397,327 in property taxes due to the inclusion of $262,165 in property taxes from prior years; (2) a $44,040 increase in fines and forfeitures (mainly traffic violations); (3) and finally, a decrease of $76,294 in interest revenue due to a decrease in the interest rates earned on the certificates of deposits owned by the Municipality. The net increase in expenditures of $1,213,529 is the result of an increase of $840,553 in general government (mainly due to an increase in state insurance premiums, donations, legal claims paid during the year, payroll and fringe benefits, and contributions for postretirement benefits paid to retired employees); a $73,196 increase in culture and recreation (salaries and fringe benefits); and finally, an increase of $172,945 in public safety due to a 16% increase in the salaries and employee benefits paid to the municipal police force.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund original budget for the fiscal period 2008-2009 presented an increase of 6% with respect to prior year budget. Amendments to the original budget are approved by the Municipal Legislature. During the fiscal year, budget revenues were increased by $122,173 due to an increase in estimate adjustment made by the P.R. Electric Power Authority (PREPA) of the contribution in lieu of taxes ("CELI") for the fiscal year 2008-2009. Budget expenditures were increased by $705,329. Actual revenues were more than the revised budgeted revenues by $347,037 (net). The most significant positive variances were in property taxes ($301,472), municipal license taxes ($183,193), and other revenues ($130,830), which were offset by a negative variance of $141,888 in interest revenue and $106,328 in sales and use taxes. The positive variance in property taxes was the result of the inclusion of property taxes from prior years in the amount of $262,165. The $130,830 positive variance in other revenues is mainly due to the recognition of a remaining balance in the amount of $115,570 of the 2007-2008 governmental subsidies provided by CRIM that was collected in 2008-2009. The negative variance in the interest revenue is the result of a significant decrease in the interest rates earned on the certificates of deposits owned by the Municipality.

A positive variance of $142,828 between revised budget and actual expenditures was due mainly to a net decrease of $14,173 in general government, and a $127,782 decrease in public works expenditures due mainly to utility charges that were less than the budget estimate. Actual expenditures exceeded actual revenues by $132,559.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At the end of the fiscal year, the Municipality has invested $44,929,298 (net of accumulated depreciation) in a broad range of capital assets, including buildings, parks, roads, bridges, land and equipment. This amount represents a net increase of approximately 16% over the prior year.

TABLE 4

Capital Assets, net As of June 30,	Governmental Activities	
	2009	**2008 (as restated)**
Non-depreciable assets:		
Land	$ 5,961,346	$ 5,958,106
Construction in progress	8,447,258	2,174,022
Depreciable assets:		
Buildings and Buildings Improvements	17,001,434	16,751,196
Equipment	3,608,290	3,703,694
Roads	4,676,742	4,639,401
Bridges	5,234,228	5,363,857
Total	$ 44,929,298	$ 38,590,276

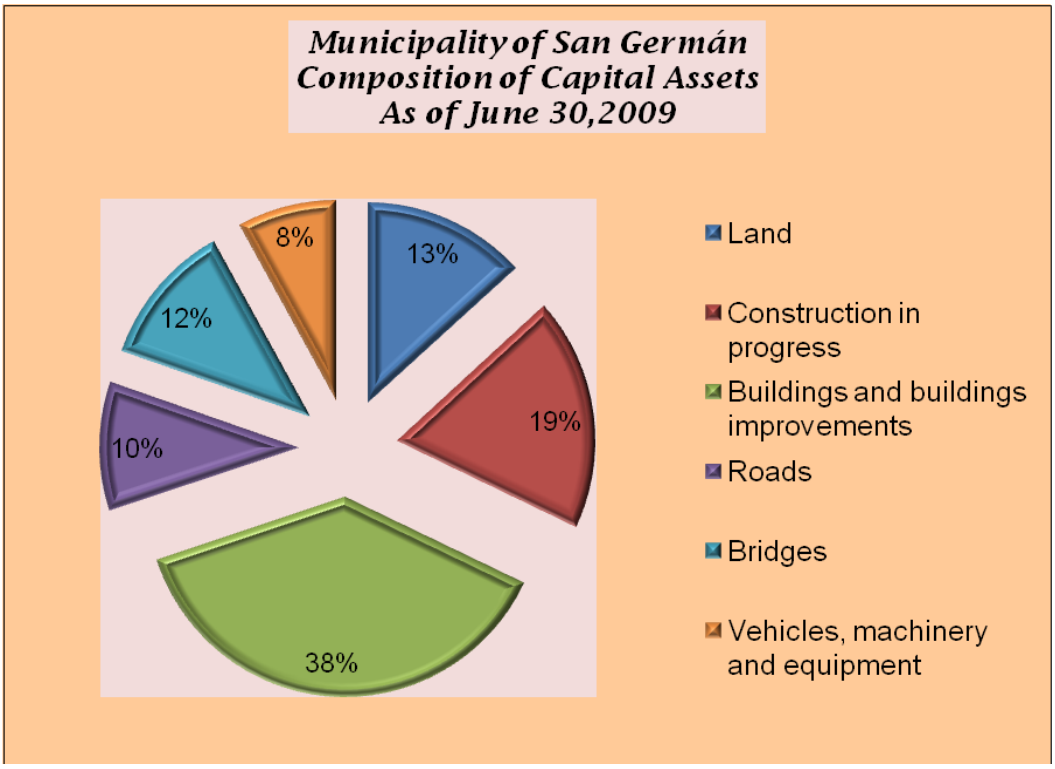
The Municipality's major capital projects that were still in construction as of June 30, 2009 are as follows:

- Improvements Arquelio Torres Coliseum - $4,704,463
- Construction of Youth and Sport Center - $972,643
- Construction "Paseo del Estudiante" - $740,341
- Construction of a sanitary sewer system Guamá Community - $390,004
- Construction of recreational area Cotto Community - $262,300

These projects will be financed through Federal and Commonwealth grants, funds from the Commonwealth Legislature, general obligation bonds and Municipal funds.

In addition, the Municipality acquired equipment amounting to $457,194, mainly vehicles, heavy machinery and communications and security equipment.

Capital assets composition as of June 30, 2009 follows:



More detailed information about the Municipality's capital assets is presented in Note F to the financial statements.

Long term debt

At year-end, the Municipality maintains an outstanding balance of $10,516,568 in general and special bonds and notes, an increase of 9% with respect to prior year. The following is a summary of the Municipality's outstanding debt as of June 30, 2009 and 2008:

TABLE 5

Outstanding Long-term Debt As of June 30,		
	Governmental Activities	
	2009	**2008 (as restated)**
General and special obligation bonds and notes	$ 10,516,568	$ 9,622,568
Note payable to CRIM – LIMS	165,852	225,679
Note payable to CRIM – prior years delinquent accounts	110,921	115,744
Compensated absences	3,692,679	3,014,469
Christmas Bonus	402,681	305,410
Claims and judgments	14,000	40,604
Payable to CRIM – property tax advances	84,788	-
Note Payable to SIFC	57,295	-
Note payable to PRASA	92,028	-
Note payable to ERS	62,105	120,440
Payable to PREPA	386,237	311,755
Total	$ 15,585,154	$ 13,756,669

The general and special obligation bonds and notes increased by $894,000 due to the issuance of a special obligation bond in the amount of $996,000 for the financing of various construction projects and of a $780,000 general obligation bond for the purchase of land. During the year, two new payment plans were issued with the P.R. Aqueduct and Sewer Authority (PRASA) and the State Insurance Fund Corporation in the amounts of $117,803 and $129,589, respectively. In addition, the increase in the notes payable with Puerto Rico Electric Power Authority (PREPA) is the result of an excess of the annual energy charges incurred by the Municipality over the contribution in lieu of taxes ("CELI") for the fiscal year 2007-2008, which was recorded both a long term debt and an account receivable from the agency. Finally, the significant increase in compensated absences is the result of a 14% increase in the total number employees working for the municipality as of June 30, 2009. More detailed information about the Municipality's long term liabilities is presented in Note H to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Municipality's selected and appointed officials considered many factors when setting the fiscal year 2009-2010 budget. One of these factors is the economy. Among economic areas considered are the population growth estimates, personal income, housing statistics and unemployment rates. The Municipality's unemployment rate now stands at 16.9%, which compares with the Commonwealth rate of 15.2%.

The Municipality applied a conservative approach in development budget estimates. Amounts available for appropriations in the General Fund for the fiscal year 2009-2010 are $15,955,496, a decrease of approximately 6% with respect to prior year estimates. Budgeted expenditures are expected to be reduced accordingly to the decrease of budgeted revenues. In addition to the estimated budget for the general fund, the Municipality has submitted Federal and Commonwealth funds proposals for welfare as well as for capital improvements and public works funds.

CONTACTING THE MUNICIPALITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Municipality's finances and to demonstrate the Municipality's accountability for the money it receives. If you have questions about this report or need additional information, contact the Municipality's Director of Finance at P.O. Box 85, San German, Puerto Rico 00683.

BASIC FINANCIAL STATEMENTS

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets

	Governmental Activities
Cash and cash equivalents	$ 1,524,059
Receivables (net of allowance for uncollectibles) (Note C)	
Municipal license taxes	118,930
Sales and use taxes	122,664
Rents and construction permits	556,170
Due from: (Note D)	
Commonwealth Government	1,249,681
Federal Government	430,618
Restricted Assets:	
Cash and cash equivalents	5,379,609
Cash with fiscal agents	4,993,056
Deferred charges	44,380
Capital assets: (Note F)	
Land and construction in progress	14,408,604
Other capital assets, net	30,520,694
Total capital assets, net	44,929,298
Total assets	$59,348,465

Continue

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

STATEMENT OF NET ASSETS, Continued
JUNE 30, 2009

Liabilities

Accounts payable and accrued liabilities	$ 1,561,062
Interest payable	240,608
Due to:	
Commonwealth Government (Note D)	293,460
Federal Government	420,586
Deferred revenues	2,427,937
Long term liabilities (Note H)	
Due within one year	2,096,716
Due in more than one year	13,488,438
Total liabilities	$20,528,807

Net assets

Invested in capital assets, net of related debt	35,741,919
Restricted for:	
Capital projects	1,355,643
Debt service	2,918,871
Other specified purposes	1,788,280
Unrestricted (deficit)	(2,985,055)
Total net assets	$38,819,658

The accompanying notes are an integral part of these financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009

		Program Revenues			
Functions	**Expenses**	**Fees, Fines and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expenses) Revenues and Change in Net Assets**
Governmental activities:					
General government	$ 7,195,489	$2,111,173	$ 248,772	-	$(4,835,544)
Public safety	1,720,820	-	180,900	-	(1,539,920)
Public works	10,513,370	2,654,072	163,155	8,008,875	312,732
Sanitation	1,368,000	-	-	-	(1,368,000)
Health	786,763	-	-	-	(786,763)
Welfare	2,641,776	795,001	954,667	-	(892,108)
Culture and recreation	565,656	-	15,034	-	(550,622)
Education	292,772	-	7,999	-	(284,773)
Interest on long-term debt	509,371	-	-	-	(509,371)
Total government activities	$25,594,017	$5,560,246	$1,570,527	$8,008,875	$(10,454,369)

General Revenues:	
Taxes:	
Property taxes	$ 3,957,513
Municipal license taxes	3,340,440
Sales and use taxes	1,997,928
Grants and contributions not restricted to specific programs	4,547,463
Interest	193,869
Other	306,265
Net gain on sale and disposition of capital assets	58,111
Total general revenues	14,401,589
Change in net assets	3,947,220
Net assets, beginning of year, as restated	34,872,438
Net assets, end of year	$38,819,658

The accompanying notes are an integral part of these financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2009

	Major funds					
	General	**Debt Service**	**Commonwealth Legislative Resolutions**	**Permanent Capital Improvements**	**Other Governmental Funds**	**Total Governmental Funds**
Assets						
Cash and cash equivalents	$1,524,059	$ -	$ -	$ -	$ -	$1,524,059
Receivables (net of allowance for uncollectibles)						
Municipal license taxes	118,930	-	-	-	-	118,930
Sales and use taxes	122,664	-	-	-	-	122,664
Rents and construction permits	532,936	-	-	-	23,235	556,171
Due from:						
Commonwealth Government	810,044	258,273	-	-	181,364	1,249,681
Federal Government	-	-	-	-	430,618	430,618
Other funds (Note E)	1,918,720	-	-	-	26,419	1,945,139
Advances to other funds (Note E)	162,527	-	-	-	-	162,527
Restricted Assets:						
Cash and cash equivalents	-	-	1,135,940	1,382,381	2,861,288	5,379,609
Cash with fiscal agents	-	2,900,384	10,406	-	2,082,266	4,993,056
Total assets	$5,189,880	$3,158,657	$1,146,346	$1,382,381	$5,605,190	$16,482,454
Liabilities and fund balances						
Liabilities:						
Accounts payable and accrued liabilities	$379,708	-	$ 761	$ 236,148	$944,446	$ 1,561,063
Matured bonds and interest payable	-	956,123	-	-	-	956,123
Due to:						
Commonwealth Government	293,460	-	-	-	-	293,460
Federal Government	-	-	-	-	420,586	420,586
Other funds (Note E)	26,419	-	68,410	-	1,850,310	1,945,139
Advances from other funds (Note E)	-	-	16,090	-	146,437	162,527
Deferred revenues (Note G)	3,729,469	13,230	-	-	422,533	4,165,232
Total liabilities	4,429,056	969,353	85,261	$ 236,148	3,784,312	$ 9,504,130
Fund balances:						
Reserved for:						
Encumbrances	$424,002	$ -	$ -	$ -	-	$ 424,002
Debt Service	-	2,189,304	-	-	-	2,189,304
Capital projects	-	-	119,756	1,146,233	1,223,633	2,489,622
Other specified purposes	-	-	941,329	-	597,245	1,538,574
Advances	169,239	-	-	-	-	169,239
Unreserved	167,583	-	-	-	-	167,583
Total fund balances	760,824	2,189,304	1,061,085	1,146,233	1,820,878	6,978,324
Total liabilities and fund balances	$5,189,880	$3,158,657	$1,146,346	$1,382,381	$5,605,190	$16,482,454

The accompanying notes are an integral part of these financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total governmental fund balances:		$ 6,978,324
Amounts reported for the governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		44,929,298
Other assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Deferred charges-bond issue costs		44,380
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Receivables:		
CRIM – Intergovernmental (General Fund)	60,440	
Municipal license taxes	118,930	
Rent - properties	137,139	
Rent – land lots	313,615	
P.R. Department of Family - Law No. 105	16,459	
P.R. Department of Treasury – Christmas bonus reimbursement	187,033	
P.R. Electric Power Authority (PREPA)	386,237	
Sales and use taxes (Debt Service Fund)	13,230	
OCAM – Public Order Code	149,030	
Federal Grants – CDBG	133,500	
Federal Grants – Public Housing Capital Fund	35,540	
Federal Grants – HOPWA	30,654	
Federal Grants – ESG	19,477	
P.R. Department of Labor – Law No. 52	92,689	
P.R. Department of Labor – Law No. 82 and "P.R. en Forma"	43,322	1,737,295
Interest liabilities are not due and payable in the current period and therefore, are not reported in the funds:		(80,485)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General and special obligation bonds and notes	9,720,568	
Compensated absences	3,692,679	
Claims and judgments	14,000	
Note payable to CRIM – delinquent accounts	110,921	
Note payable to CRIM – LIMS	165,852	
Payable to PREPA	386,237	
Christmas bonus	402,681	
Payable to CRIM – Property taxes advances	84,788	
Note payable to State Insurance Fund Corporation	57,295	
Note payable to P.R. Water and Sewer Authority	92,028	
Note payable to ERS	62,105	(14,789,154)
Net assets of governmental activities		$ 38,819,658

The accompanying notes are an integral part of these financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2009

	Major funds					
	General	**Debt Service**	**Commonwealth Legislative Resolutions**	**Permanent Capital Improvements**	**Other Governmental Funds**	**Total Governmental Funds**
Revenues:						
Taxes:						
Property taxes (Note I)	$ 3,153,251	$1,241,119	$ -	$ -	-	$ 4,394,370
Municipal license taxes	3,314,231	-	-	-	-	3,314,231
Sales and use taxes	1,579,978	437,458	-	-	-	2,017,436
Intergovernmental:						
Commonwealth Government (Note J)	4,441,843	-	1,000	-	2,767,300	7,210,143
Federal Government	-	-	-	-	2,386,533	2,386,533
Rental income and changes for services	4,313,566	-	-	-	834,124	5,147,690
Fines and forfeitures	52,096	-	-	-	-	52,096
Interest	128,017	20,058	110	30,476	15,208	193,869
Other	45,260	-	-	-	125,174	170,434
Total Revenues	17,028,242	1,698,635	1,110	30,476	6,128,339	24,886,802
Expenditures:						
Current:						
General government	$ 5,828,960	-	-	-	$ 291,965	$ 6,120,925
Public safety	1,549,965	-	-	-	85,183	1,635,148
Public works	6,765,222	-	35,307	439,654	1,641,933	8,882,116
Sanitation	1,268,193	-	-	-	15,145	1,283,338
Health	786,763	-	-	-	-	786,763
Welfare	574,072	-	300	-	2,040,319	2,614,691
Culture and recreation	460,336	-	-	-	87,779	548,115
Education	287,294	-	45	-	5,433	292,772
Capital outlays	246,592	-	90,501	4,675	3,755,742	4,097,510
Debt service:						
Principal	-	993,000	-	-	-	993,000
Interest	-	485,857	-	-	-	485,857
Bond issuance costs	-	-	-	-	10,341	10,341
Total expenditures	17,767,397	1,478,857	126,153	444,329	7,933,840	$27,750,576
Excess (deficiency) of revenues over expenditures	(739,155)	219,778	(125,043)	(413,853)	(1,805,501)	(2,863,774)

Continue

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS, Continued
FISCAL YEAR ENDED JUNE 30, 2009

	Major funds					
	General	Debt Service	Commonwealth Legislative Resolutions	Permanent Capital Improvements	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Proceeds from general obligation bonds	-	-	-	-	1,776,000	1,776,000
Proceeds from sale of capital assets	109,080	-	-	-	-	109,080
Payment of water and sewer utility charges	(117,803)	-	-	-	-	(117,803)
Payment of workmen's compensation insurance premiums	(129,589)	-	-	-	-	(129,589)
Proceeds-Note Payable PR Water and Sewer Authority	120,801	-	-	-		120,801
Proceeds-Note Payable State Insurance Fund Corporation	131,489	-	-	-	-	131,489
Discount-Note Payable PR Water and Sewer Authority	(2,998)	-	-	-	-	(2,998)
Discount-Note Payable State Insurance Fund Corporation	(1,899)	-	-	-	-	(1,899)
Payment of PREPA debt	(155,877)	-	-	-	-	(155,877)
Transfers – in	23,782	-	-	-	43,974	67,756
Transfers - (out)	(43,974)	(19,080)	-	-	(4,702)	(67,756)
Total Other Financing sources (uses)	(66,988)	(19,080)	-	-	1,815,272	1,729,204
Net change in fund balances	(806,143)	200,698	(125,043)	(413,853)	9,771	(1,134,570)
Fund balance at beginning of year	1,566,967	1,988,606	1,186,128	1,560,086	1,811,107	8,112,894
Fund balances at end of year	$ 760,824	$2,189,304	$1,061,085	$1,146,233	$1,820,878	$6,978,324

The accompanying notes are an integral part of these financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances – total governmental funds		$(1,134,570)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital assets outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for capital assets:	$ 4,097,510	
Less: current year depreciation	(1,937,661)	2,159,849
Governmental funds only report the proceeds received in the disposal of assets. In the Statement of Activities, a gain or loss is reported for each disposal. Thus, the change in net assets differs from the change in fund balance by the cost of the disposed asset:		(50,970)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:		
CRIM – Intergovernmental	60,440	
Municipal license tax	26,209	
Rent	137,139	
Others	391,955	
P.R. Department of Treasury – Law No. 52	92,689	
P.R. Department of Treasury – Christmas bonus reimbursement	187,033	
P.R. Electric Authority (PREPA)	230,359	
Sales and use taxes (Debt Service Fund) (current year)	13,230	
OCAM – Public Order Code (current year)	122,397	
Federal Grants – Public Housing Capital Fund	35,540	
Federal Grants – CDBG	131,924	
Donated capital assets	4,230,144	5,659,059
Revenues reported in funds which are not reported as revenues in the Statement of Activities:		
CRIM – Property taxes (General Fund) (current year)	(84,788)	
CRIM – Property taxes (General Fund) (prior year)	(288,064)	
Construction permits	(15,668)	
Rent	(69,037)	
CRIM – Property taxes (Debt Service Fund) (prior year)	(64,005)	
Sales and use taxes (Debt Service Fund) (prior year)	(16,369)	
Sales and use taxes (General Fund) (prior year)	(16,369)	
P.R. Electric Power Authority (PREPA) (prior year)	(155,877)	
Other	(190,216)	
P.R. Department of Treasury – Law No. 52	(10,177)	
Federal Grants – CDBG	(10,312)	
P.R. Department of Treasury – Christmas bonus reimbursement (prior year)	(141,853)	(1,062,735)
Expenditures reported in funds which are not reported as expenses in the Statement of Activities:		
Matured bonds principal payments (net change)		111,000
Proceeds from general obligation bonds is another financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets:		(1,776,000)
Proceeds from long term debt is another financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets:		(247,392)

Continue

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES, Continued
FISCAL YEAR ENDED JUNE 30, 2009

Repayment of long-term debt consumes the current financial resources of governmental funds, but has not effect on net assets of governmental activities:		
General obligation bonds and notes	882,000	
Other long term liabilities	1,030,179	1,912,179
Governmental funds report the effect of bond issuance costs as expenditure when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:		
Bond issuance costs	10,341	
Amortization of bond issuance costs	(5,733)	4,608
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Claims and judgments	(14,000)	
Accrued interest (net change)	4,676	
Compensated absences	(985,444)	
P.R. Electric Authority (PREPA)	(230,359)	
Christmas bonus	(402,681)	(1,627,808)
Change in net assets of governmental activities		$ 3,947,220

The accompanying notes are an integral part of these financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Municipality of San German ("the Municipality") was founded in 1573. The Municipality is governed by the executive and the legislative branch elected for a four year term during the general elections in Puerto Rico. The Mayor is the executive officer and the legislative branch consists of fourteen (14) members of the Municipal Legislature. The Municipality engages in a comprehensive range of services to the community such as: general government administration, public works, health, environmental control, education, public security, welfare, housing, community development and culture and recreation activities.

The financial statements of the Municipality have been prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

1. ***Financial reporting entity***

The financial reporting entity included in this report consists of the financial statements of the Municipality of San German (primary government). To fairly present the financial position and the results of operations of the financial reporting entity, management must determine whether its reporting entity consists of only the legal entity known as the primary government or one or more organizations called component units. The inclusion of a potential component unit in the primary government's reporting entity depends on whether the primary government is financially accountable for the potential component unit or on whether the nature and significance of the relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are two methods of presentation of the component unit in the financial statements: (a) blending the financial data of the component units' balances and transactions in a manner similar to the presentation of the Municipality's balances and (b) discrete presentation of the component unit's financial data in columns separate from the Municipality's balances and transactions.

The basic criteria for deciding financial accountability are any one of the following:

a. Fiscal dependency of the potential component unit on the primary government, or
b. The primary government appoints a voting majority of the potential component unit's governing body and,

1) The primary government can impose its will on the potential component unit and/or,

2) A financial benefit/ burden exist between the primary government and the potential component unit.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In addition, a legally separate, tax-exempt organization should be discretely presented as a component unit of a reporting entity if *all* of the following criteria are met:

a. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
b. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
c. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. Professional judgment is applied in determining whether the relationship between a primary government and other organizations for which the primary government is not accountable and that do not meet these criteria is such that exclusion of the organization would render the financial statements of the reporting entity misleading or incomplete.

Based on the above criteria there are no potential component units which should be included as part of the financial statements.

2. ***Basis of presentation, measurement focus and basis of accounting***

The financial report of the Municipality consists of a management discussion and analysis (MD&A), basic financial statements, notes to the financial statements and required supplementary information other than the MD&A. Following is a summary presentation of each, including the measurement focus and basis of accounting. Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus:

Management Discussion and Analysis

This consists of a narrative introduction and analytical overview of the Municipality's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

Basic financial statements

Basic financial statements include both government-wide and fund financial statements. Both levels of statements categorize primary activities as governmental type, which are primarily supported by taxes and intergovernmental revenues.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide statements

The government-wide statements consist of a Statement of Net Assets and a Statement of Activities. These statements are prepared using the economic resources measurement focus, which concentrates on an entity or fund's net assets. All transactions end events that affect the total economic resources (net assets) during the period are reported. The statements are reported on the accrual basis of accounting. Revenues are recognized in the period earned and expenses recognized in the period in which the associated liability is incurred. Fiduciary activities, if any, whose resources are not available to finance government programs, are excluded from the government-wide statements. The effect of inter-fund activities is eliminated.

The Statement of Net Assets incorporates all capital (long lived) assets and receivables as well as long term debt and obligations. The Statement of Activities reports revenues and expenses in a format that focus on the net cost of each function of the Municipality. Both the gross and net cost of the function, which is otherwise being supported by the general government revenues, is compared to the revenues generated directly by the function. This Statement reduces gross expenses, including depreciation, by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function.

The types of transactions included as program revenues are: charges for services, fees, licenses and permits; operating grants which include operating-specific and discretionary (either operating or capital) grants; and capital grants which are capital-specific grants. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Property taxes (imposed nonexchange transactions) are recognized as revenues in the year for which they are levied and municipal license taxes and sales and use taxes (derived tax revenues) when the underlying exchange has occurred. Revenues on both operating and capital grants are recognized when all eligibility requirements (which include time requirements) imposed by the provider have been met. For certain expenditure-driven grants revenue is recognized after allowable expenditures are incurred. As a policy, indirect expenses in the Statement of Activities are not allocated. The Municipality first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available.

The Municipality reports deferred revenues in the government-wide statements. Deferred revenues arise when resources are received before the Municipality has a legal claim to them or before applicable eligibility requirements are met (in case of certain federal expenditure-driven grants if resources are received before allowable expenditures are incurred). In subsequent periods, when the Municipality has a legal claim to the resources, the liability for deferred revenues is removed and the revenue is recognized.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Municipality has elected not to follow subsequent statements and interpretations issued by the FASB after November 30, 1989.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Statements

The financial transactions of the Municipality are recorded in individual funds, each of which are considered an independent fiscal entity. Each fund is accounted for by providing a separate set of self balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. Funds are segregated according to their intended purpose which helps management in demonstrating compliance with legal, financial and contractual provisions. Governmental Funds are those through which most governmental functions of the Municipality are financed. The governmental fund statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances with one column for the general fund, one for each major fund and one column combining all non-major governmental funds. Major funds are determined based on a minimum criterion, that is, a percentage of the assets, liabilities, revenues or expenditures or based on the Municipality's official's criteria, if the fund is particularly important to financial statement users or based on the Municipality's official's criteria, if the fund is particularly important to financial statement users (for Commonwealth Legislature Resolutions and Permanent Capital Improvement Funds).

The Municipality reports the following major governmental funds:

General Fund: This is the operating fund of the Municipality and accounts for all financial resources, except those required to be accounted for in another fund.

Debt Service Fund: Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Commonwealth Legislature Resolutions Fund: The Commonwealth Legislative Resolutions Fund is used to account for grants from the Commonwealth's Legislature.

Permanent Capital Improvements Fund: The Permanent Improvement fund is used to account for the moneys received from the $575,000,000 in 2006 Series A Public Improvement Bonds issued by Commonwealth Government. The financial resources received by this fund are used for the restoration of the downtown area and the construction of an educational park.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of accounting, revenues are recognized when they are susceptible to accrual (i.e. both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Municipality considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues susceptible to accrual include property taxes (recognized as revenues in the year for which they are levied); municipal license taxes and sales and use taxes (recognized when the underlying exchange has occurred and time requirements are met) and interest. In applying the susceptible to accrual concept to intergovernmental revenues, revenues are recognized when all eligibility requirements (including time requirements) imposed by the provider have been met and revenue becomes available. There are, however, essentially two types of these revenues. In the first case, on expenditure-driven grants, monies must be expended on the specific project or purpose (eligibility requirement), before any amounts are paid to the Municipality. Revenue is, therefore, recognized as expenditures are incurred to the extent available. In the other cases, monies are virtually unrestricted and are generally revocable only for failure to comply with prescribed compliance requirements. In these cases revenues are recognized as the time of receipt or earlier if the susceptible to accrual criteria is met. Licenses and permits, charges for services, rent, fines and miscellaneous revenues are generally recorded as revenues when received or are recognized earlier if the susceptible to accrual criteria is met.

The Municipality reports deferred revenues in the governmental funds statements which arise when potential revenue does not meet both measurable and available criteria for recognition in the current period (in the government-wide statements revenue is recognized as soon as it is earned regardless of its availability). Deferred revenues also arise when resources are received before the Municipality has a legal claim to them or before applicable eligibility requirements are met (in case of certain federal expenditure-driven grants if resources are received before allowable expenditures are incurred). In subsequent periods, when the revenue recognition criteria is met, or when the Municipality has a legal claim to the resources, the liability for deferred revenues is removed from the combined balance sheet and the revenue is recognized.

Expenditures are generally recognized when the related liability is incurred. Certain exceptions to this fundamental concept include the following: 1) payments of principal and interest on general long term debt, which are recorded as expenditures when due, except for principal and interest due on July 1 (in this case amounts are recorded as liabilities and expenditures on June 30 since amounts have been accumulated or transferred to the debt service fund before July 1 payments are made) 2) vested compensated absences, claims and judgments and special termination benefits which are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources (in the government-wide statements the expense and related accrual liability for long term portions of debt must be included).

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund financial statements into the government-wide statements. This reconciliation is part of the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Notes to Financial Statements

The notes to financial statements provide information that is essential to a user's understanding of the basic financial statements.

Required Supplementary Information:

Required supplementary information consists of the Budgetary Comparison Schedule – General Fund as required by GASB.

3. ***Cash, cash equivalents (unrestricted and restricted) and restricted cash with fiscal agents***

Cash and cash equivalents consists of cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The Municipality follows the practice of pooling cash of all funds except for certain Commonwealth's grants, restricted funds generally held by outside custodians and federal grants. Available pooled cash balance beyond immediate needs is invested in certificates of deposits. Cash and cash equivalents related to Commonwealth and Federal grants are restricted since their use is limited by applicable agreements or required by law.

Restricted cash with fiscal agent in the debt service fund consists of the undisbursed balance of property and sales tax collections retained by the Commonwealth of Puerto Rico which are restricted for the repayment of the Municipality's general and special obligation bonds and notes as established by law. Restricted cash with fiscal agent of the general and other governmental funds represent the undisbursed proceeds of certain bonds, loans or grants which are maintained in a cash custodian account by the GDB or a federal government agency.

4. ***Receivables and due from governmental entities***

Receivables are stated net of estimated allowances for uncollectible accounts, which are determined upon past collection experience and current economic conditions.

Amounts due from federal government represent amounts owed to the Municipality for the reimbursement of expenditures incurred pursuant to federally funded programs. Amounts reported in the debt service fund represent property and sales tax revenues of current fiscal year collected by the CRIM (property tax) and the Puerto Rico Department of Treasury (sales tax) on the subsequent fiscal year.

5. ***Interfund receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due from/to other funds".

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. ***Inventories***

The Municipality purchases gasoline, oil and other expendable supplies held for consumption. The cost of those purchases is recorded as expenditure when incurred in the appropriate fund but the year-end inventory is not recorded in the Statement of Net Assets, as management believes is not significant.

7. ***Deferred bond issuance costs***

Bond issuance costs are reported as deferred charges and amortized as required by current standards. Governmental fund types recognize bond issuance costs as expenditures during the current period. Those issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the appropriate fund.

8. ***Capital assets***

Capital assets of the primary government, which include property, plant, equipment, and infrastructure, (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental activities column in the Statement of Net Assets. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Municipality maintains a threshold level of $50 or more for capitalizing vehicles, machinery and equipment. Infrastructure assets are capitalized based on a percentage of the estimated useful life. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land are depreciated using the straight-line method over the following useful lives:

Description	Years
Buildings	40
Improvements	10-20
Vehicles, machinery and equipment	5-10
Infrastructure	2-50

In accordance with current accounting standards capital assets are reviewed for impairment. Impairment occurs when there is a significant decline in asset service utility due to the occurrence of a prominent event or change in circumstances affecting the asset. Current standards provide guidance for accounting and reporting for impairment and for insurance recoveries.

9. ***Long-term obligations***

Long-term debt and other long-term obligations, which are reported as liabilities in the governmental activities column in the Statement of Net Assets, consists of general and special obligation bonds, liabilities for compensated absences, claims and judgments, and long-term liabilities to other governmental entities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. ***Compensated absences***

The Municipality's employees accumulate vacation, sick leave and compensatory time based on continuous service. Compensated absences are recorded as a liability if (1)are earned on the basis of services already performed by employees, (2) it is probable that will be paid (in the form of paid time off, cash payments at termination or retirement, or some other means) and (3) are not contingent on a specific event (such as illness).

The compensated absences are accumulated on the basis of 2½ days per month of vacation and 1½ days per month of sick pay and compensatory time up to a maximum of 60 days of vacations and 90 days of sick leave. Upon separation from employment the accumulated vacations are liquidated up to the maximum number of days. Accumulated sick leave, which is accrued based on all vesting amounts for which payment is probable, is liquidated to employees with 10 years or more service up to the maximum number of days.

The accrual of compensated absences includes estimated payments that are related to payroll. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. The non-current portion of the liability is not reported.

Pursuant to Law No. 152 of August 20, 1996 effective July 1, 1997 the Municipality is required to pay any excess of vacations and sick leave accumulated over 90 days as of December 31 of each year. Payments should be made on or before March 31 of the following year.

11. ***Fund balances and Net Assets***

a. Fund balances:

In the fund financial statements, governmental funds report reserved and unreserved fund balances. Reservations of fund balance represent portions of the fund balance that are legally segregated for a specific future use or are not appropriated for expenditure. The Municipality has the following reservations of fund balance:

Encumbrances:	Represent future expenditures under purchase orders and other commitments, which generally will become liabilities in future periods as the goods or services are received.
Debt Service:	Represents net assets available to finance future debt service payments.
Capital Projects:	Represent amounts to be used for future expenditures for capital projects under contracts and other commitments. These commitments generally will become liabilities in future periods as the projects are completed.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other specified purposes:	Represent amounts to be used for future expenditures of Federal and Commonwealth's grants as well as funds reserved through enabling legislation passed by the government itself, to be used to finance activities other than construction or capital improvement commitments
Advances:	Represents the non-current portion of interfund loans.

b. Net assets

In the government-wide statements net assets are segregated into three categories:

Invested in capital assets, net of related debt:	Consists of capital asset balances net of accumulated depreciation and outstanding balances of any bonds, notes and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. This category should not include cash that is restricted to capital asset acquisition or construction (unspent bond proceeds) and any unamortized debt issue costs.
Restricted net assets:	Represents net assets (restricted assets net of related debt) that are subject to restrictions beyond the Municipality's control. These include restrictions that are externally imposed (by creditors, grantors, contributors, or laws and regulations of other governments) or restrictions imposed by the law through constitutional provisions or enabling legislation (including enabling legislation passed by the government itself).
Unrestricted net assets:	Represent net assets that do not meet the definition of net assets invested in capital assets, net of related debt or restricted. Unrestricted assets are often designated to indicate that management does not consider them to be available for general operations. These types of constraints are internal and management can remove or modify them. Designations are not reported on the face of the statement of net assets.

12. ***Interfund transactions***

The Municipality reports certain transactions as transfers, which are legally required transfers that are reported when incurred as "Transfers-in" by the recipient fund and as "Transfers-out" by the disbursing fund.

13. ***Risk financing***

The Puerto Rico Department of Treasury (PRDT) acts as an agent, obtaining and determining the coverage for the municipalities of Puerto Rico. The coverage for the Municipality of San German consists of professional, public responsibility, property and theft, auto and fidelity bond coverage.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Insurance policies costs are allocated by PRDT among all the municipalities of Puerto Rico. Payment of the Municipality's insurance premiums is monthly deducted from advances of property tax and amounts of municipal equalization fund send to the Municipality by the Municipal Revenue Collection Center (CRIM). Workers compensation insurance is also deducted from the monthly advances by the CRIM. Settled cases have not exceeded insurance coverage for any of the past three years.

14. ***Use of estimates***

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

15. ***Future adoption of accounting pronouncements***

The GASB has issued the following statements, which the Municipality has not yet adopted:

	Statement	To be Adopted in Fiscal year ended,
51	Accounting and Financial Reporting for Intangible Assets	June 30, 2010
53	Accounting and Financial Reporting for Derivative Instruments	June 30, 2010
54	Fund Balance Reporting and Governmental Fund Type Definition	June 30, 2011

The impact of these statements in the Municipality's basic financial statements has not yet been determined.

NOTE B – CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Municipality maintains cash deposits in commercial and governmental banks located in Puerto Rico.

Under Commonwealth of Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal deposit insurance. All securities pledged as collateral by the Municipality are held by the Secretary of Treasury of Puerto Rico in the Municipality's name. At year end the Municipality's bank balance in commercial banks amounts to $7,255,969. Deposits in governmental banks (all of which are uninsured and uncollateralized), are exposed to custodial credit risk. At year end the Municipality's bank balance in governmental banks amounts to $4,983,348.

NOTE C – RECEIVABLES

1. ***Municipal license taxes***

Municipal License taxes are assessed annually by the Municipality to all organizations or entities subject to the tax doing business in the Municipality's location except for entities totally or partially exempt pursuant to certain Commonwealth's statutes. This tax is based generally on volume of business or gross sales as shown in a tax return that should be submitted on or before April 15. During the Fiscal year ended June 30, 2009 the tax rates were as follows:

Financial business - 1.50% of gross revenues
Other organizations - .50% of gross revenues

Municipal license tax receivable and corresponding deferred revenues as of June 30, 2009 follows:

Description	Amount
Total municipal license tax receivable:	$ 443,935
Less: allowance for uncollectibles	(325,005)
	$ 118,930

As required by current standards, the $118,930 net balance is recorded as deferred revenue since there were no collections within the availability period.

The tax is due in two equal installments on July 1 and January 1 of each fiscal year. Resources are intended to finance the operations of the applicable fiscal year. At this moment the Municipality recognizes revenues on municipal license taxes. A discount of 5% is allowed when full payment is made on or before April 15. Since this time requirement, cash collected in advance, which totals $2,405,942 is recorded as deferred revenue as of June 30.

2. ***Sales and use taxes***

On July 4, 2006 the Commonwealth Legislature approved Act No. 117 ("Act 117") which amends the Puerto Rico Internal Revenue Code of 1994 to provide, among other things, for a sales and use tax of 5.5% to be imposed by the Commonwealth Government. Act 117 also authorizes each municipal government to impose a municipal sales and use tax of 1.5% This municipal sales and use tax has in general the same tax base and limitations (except for unprocessed foods) as those provided by the Commonwealth's sales and use tax.

Section 6189 of the Puerto Rico Internal Revenue Code of 1994, as amended, authorizes the Municipalities in Puerto Rico to impose a sales and use tax to consumers. This tax must be imposed in conformity with the base, exemptions and limitations contained in Subtitle BB of the Code. The municipal sales and use tax is specifically imposed over all sales transactions of taxable items and combined transactions (as defined by the municipal internal regulation) taken place within municipal limits. The municipal sales and use tax is also specifically imposed over the purchase price for the use, storage or consumption of taxable transactions (as defined by the municipal internal regulation) taken place within Municipal limits.

NOTE C – RECEIVABLES - Continued

3. ***Sales and use taxes***

The Municipal Legislature approved the imposition of the municipal sales and use tax on November 1, 2006 with Ordinance No. 36 Series 2006-2007, effective on November 15, 2006. On July 29, 2007 the Commonwealth Legislature approved Act No. 80 ("Act 80") which anmend Act No. 117 of July 4, 2006 to impose to all the Municipalities of Puerto Rico a uniform municipal sales and use tax of 1.5%. Effective August 1, 2007 1% of the 1.5% is collected by the Municipalities and the remaining .5% of the 1.5% is collected by the Puerto Rico Department of Treasury (PRDT). Act 80 also provides for restrictions on the use of the sales tax, which is required be invested in solid waste and recycling programs, capital improvements and health and public safety costs. Amount collected by the PRDT (the remaining .5% of the 1.5%) is deposited in accounts or special funds in the Governmental Development Bank of Puerto Rico ("GDB"), subject to restrictions imposed and distributed as follows:

- .2% of the .5% will be deposited in a "Municipal Development Fund" to finance costs as restricted by the Act,
- .2% of the .5% will be deposited in a "Municipal Redemption Fund" to finance loans to Municipalities subject to restrictions imposed by the Act and,
- .1% of the .5% will be deposited in a "Municipal Improvement Fund" to finance capital improvement projects; these funds will be distributed based on legislation from the Commonwealth's Legislature.

The Municipal Legislature approved a Municipal Ordinance to conform to dispositions of Act 80.

Individuals, organizations and entities subject to collect the municipal sales and use tax must file a tax return to the Municipality. Tax is due each 20th day of each month based on tax collected in the preceding month. Municipal sales and use tax receivable of $122,664 represents the tax collected on June by individuals, organizations and entities but reported and paid to the Municipality on or before July 20, net of uncollectible accounts; $14,888 and $64,800 represents amounts of "Municipal Development Fund" and "Municipal Redemption Fund" respectively represents the tax collected on June by individuals, organizations and entities but paid by the PRDT subsequent to June 30. The amount of $13,230 (related to Municipal Redemption Fund) is recorded as deferred revenue since is not available as required by current standards.

4. ***Rents and construction permits***

A detail of rents and construction permits' receivable as of June 30, 2009 follows:

NOTE C – RECEIVABLES - Continued

Description	Amount
Rent-land lots	$ 445,685
Rent-properties	293,217
Other	24,880
	763,782
Less: allowance for uncollectibles	(207,612)
	$ 556,170

Of the total amount of $556,170 the Municipality recorded $450,752 as deferred revenue in the governmental funds statements since they are not available as required by current standards.

NOTE D - DUE FROM (TO) GOVERNMENTAL ENTITIES

1. ***Amounts due from governmental entities as of June 30, 2009 follows:***

	Commonwealth Government	Federal Government
Major fund - General fund:		
P.R. Electric Power Authority (PREPA)	$ 386,237	$ -
P.R. Department of Treasury – Christmas bonus reimbursement	187,033	-
Office of Commissioner of Municipal Affairs – Public Order Code	120,135	-
Municipal Revenue Collection Center (CRIM) - intergovernmental subsidy (general fund)	60,440	-
P.R. Department of Treasury – sales and use taxes-Municipal Development fund	14,888	-
Solid Waste Authority	41,311	-
Major fund – Debt service fund:		
Municipal Revenue Collection Center (CRIM) – property taxes	193,473	-
P.R. Department of Treasury – sales and use taxes-Municipal Redemption Fund	64,800	-
Other governmental funds:		
P.R. Department of Labor – Law No. 52 and 82	136,011	-
Office of Commissioner of Municipal Affairs - CDBG	-	34,091
U.S. Department of Housing and Urban Development - CDBG	-	256,213
P.R. Public Housing Administration (PRPHA) – Capital Fund Program	-	76,979
U.S. Department of Housing and Urban Development – Emergency Shelter Grant	-	20,691
P.R. Department of Health – HOPWA		42,270
Others	45,353	374
	$ 1,249,681	**$ 430,618**

NOTE D - DUE FROM (TO) GOVERNMENTAL ENTITIES - Continued

See note G for detail of amounts due from Governmental Entities recorded as deferred revenue.

2. ***Amounts due to governmental entities as of June 30, 2009 follows:***

Description	Commonwealth Government
Employees' Retirement System of the Government of P.R. (ERS)	$ 253,246
P.R. Department of Labor – unemployment	20,860
P.R. Aqueduct and Sewer Authority (PRASA)	12,137
P.R. Industrial Development Company (PRIDCO)	6,208
Others	1,009
	$ 293,460

NOTE E - INTERFUND TRANSACTIONS

1. ***Due from/to other funds:***

Amounts due from/to other funds represent advances to other funds for payroll and payroll taxes expenditures, as follows:

Receivable Fund	Payable Fund	Amount
General Fund	**Major fund:**	
	Commonwealth Legislature Resolutions	$ 68,410
	Other governmental funds:	
	DTOP	362,481
	Rural Development Corporation	209,255
	CDBG	185,249
	Law No. 52 and 82	174,426
	OMEP	168,715
	Public and Indian Housing	115,231
	ESG	206,643
	DTOP	86,181
	Others	342,129
		$ 1,918,720
Other governmental funds:	**Major fund:**	
$1,695,000 Bond issuance	General Fund	$ 20,873
$2,100,000 Bond issuance	General Fund	5,546
		$ 26,419

NOTE E - INTERFUND TRANSACTIONS - Continued

2. ***Advances to(from) other funds:***

Advances to (from) other funds represent long term advances to other funds by the general fund for payroll, payroll taxes and other expenditures, as follows:

Receivable Fund	Payable Fund	Amount
General Fund	**Major fund:**	
	Commonwealth Legislature Resolutions	$ 16,091
	Other governmental funds:	
	OMEP	45,411
	FEMA	32,250
	Special Communities	25,061
	Others	43,714
		$ 162,527

3. ***Transfers in (out):***

Transfers between individual funds were made for operational purposes. Transfers includes (1) interest earned on restricted cash with fiscal agents in the debt service fund and operating and capital improvement loans in other governmental funds which is transferred to the general fund (2) interest in Commonwealth Legislature Resolutions funds which is transferred to the general fund and, (3) principal and interest payments of long term debt transferred from the general fund to the debt service fund.

NOTE F - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2009 is as follows:

	Beginning balance July 1, 2008 as restated	Increases	Decreases	Ending balance June 30, 2009
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 5,958,106	$ 10,173	$ 6,933	$ 5,961,346
Construction in progress	2,174,022	7,234,724	961,488	8,447,258
Total capital assets not being depreciated:	8,132,128	7,244,897	968,421	14,408,604
Capital assets, being depreciated:				
Buildings and improvements	23,523,408	854,245	-	24,377,653
Equipment	9,153,571	457,194	5,159	9,605,606
Roads	12,188,625	685,231	157,828	12,716,028
Bridges	7,103,472	47,576	-	7,151,048
Total capital assets being depreciated	51,969,076	2,044,246	162,987	53,850,335
Less accumulated depreciation for:				
Buildings and improvements	6,772,212	604,007	-	7,376,219
Equipment	5,449,877	550,654	3,215	5,997,316
Roads	7,549,224	605,795	115,733	8,039,286
Bridges	1,739,615	177,205	-	1,916,820
Total accumulated depreciation	21,510,928	1,937,661	118,948	23,329,641
Total capital assets being depreciated, net	30,458,148	106,585	44,039	30,520,694
Governmental activities capital assets, net	**$ 38,590,276**	**$ 7,351,482**	**$ 1,012,460**	**$ 44,929,298**

Depreciation expense was charged to functions/programs of the Municipality as follows:

Governmental activities:

General government	$ 91,447
Public safety	85,672
Public works	1,631,256
Sanitation	84,661
Culture and recreation	17,541
Welfare	27,084
Total depreciation expense, governmental activities	**$ 1,937,661**

NOTE G - DEFERRED REVENUES – GOVERNMENTAL FUNDS

Deferred revenues for amounts due from Commonwealth Government represent revenues not available as required by current standards and for amounts due from Federal Grants represent resources received before allowable expenditures are incurred or not available as required by current standards. A detail of these balances follows:

	Commonwealth Government	Federal Government
Major fund - General fund:		
Municipal license taxes	$ 2,524,872	$ -
P.R. Electric Power Authority (PREPA)	386,237	-
P.R. Department of Treasury – Christmas bonus reimbursement	187,033	-
Office of Commissioner of Municipal Affairs – Public Order Code	120,135	-
Municipal Revenue Collection Center (CRIM) - intergovernmental subsidy (general fund)	60,440	-
Rent and construction permits	450,752	-
Major fund – Debt service fund:		
P.R. Department of Treasury – sales and use taxes-Municipal Redemption Fund	13,230	-
Other governmental funds:		
P.R. Department of Labor – Law No. 52 and 82	136,011	-
Others	45,354	-
Office of Commissioner of Municipal Affairs - CDBG	-	16,667
U.S. Department of Housing and Urban Development - CDBG	-	124,140
P.R. Public Housing Administration (PRPHA) – Low Rent Program	-	50,229
U.S. Department of Housing and Urban Development – Emergency Shelter Grant	-	19,477
P.R. Department of Health – HOPWA	-	30,655
	$ 3,924,064	**$ 241,168**

NOTE H - LONG TERM DEBT

1. ***Summary of long- term debt activity***

The following summarizes activity in long-term debt for the fiscal year ended June 30, 2009:

	Balance at July 1, 2008 as restated	Increases	Decreases	Balance at June 30, 2009	Due within one year
General, Special Obligations Bonds and Notes	$ 9,622,568	$ 1,776,000	$ 882,000	$ 10,516,568	$ 1,002,000
Note payable to CRIM-LIMS	225,679	-	59,827	165,852	63,439
Note payable to CRIM-financing of delinquent accounts	115,744	-	4,823	110,921	4,823
Note payable to ERS	120,440	-	58,335	62,105	62,105
Note payable to PRASA	-	117,803	25,775	92,028	60,734
Note payable to SIFC	-	129,589	72,294	57,295	57,295
Compensated absences	3,014,469	985,444	307,234	3,692,679	287,761
Christmas Bonus	305,410	402,681	305,410	402,681	402,681
Claims and judgments	40,604	14,000	40,604	14,000	-
Payable to PREPA	311,755	230,359	155,877	386,237	155,878
Payable to CRIM-property tax advances	-	84,788	-	84,788	-
	$ 13,756,669	**$ 3,740,664**	**$ 1,912,179**	**$ 15,585,154**	**$ 2,096,716**

2. ***General and special obligation bonds and notes payable***

The Municipality's outstanding general and special obligation bonds and notes at June 30, 2009 amount to $10,516,568. All these bonds are serviced by the Governmental Development Bank of Puerto Rico (GDB) maturing at various dates. As required by law, the Commonwealth Government is obligated to collect property taxes for payment of principal and interest on bonds and notes. In addition, .2% of the .5% municipal sales and use tax collected by the P.R. Department of Treasury is deposited in a "Municipal Redemption Fund" to finance loans to Municipalities subject to restrictions imposed by law. Debt service funds has been established for the bonds and notes at GDB with the proceeds of those property and sales and use taxes, whereby sufficient funds must be set aside in order to cover the projected debt service requirement, before any new bonds are issued. Principal and interest payments of special obligation notes of $996,000 are made through the "Municipal Redemption Fund".

A detail of the general and special obligation bonds and notes as of June 30, 2009 follows:

NOTE H - LONG TERM DEBT - Continued

	Outstanding Amount
1988 public improvement bonds of $400,000 due in annual installments ranging from $7,000 to $32,000 through January 1, 2013; bearing interest at 6.13%	$ 113,000
1989 public improvement bonds of $765,000 due in annual installments ranging from $16,000 to $60,000 through January 1, 2011; bearing interest at 6.37%	115,341
1991 public improvement bonds of $616,000 due in annual installments ranging from $16,000 to $45,000 through January 1, 2012; bearing interest at 5.00%	127,227
1996 public improvement bonds of $3,500,000 due in annual installments ranging from $70,000 to $330,000 through July 1, 2015; bearing interest at rates ranging from 4.70% to 6.58% (6.20% at June 30, 2009)	1,860,000
2000 general obligation bonds of $2,100,000 due in annual installments ranging from $85,000 to $235,000 through July 1, 2013; bearing interest at rates ranging from 2.70% to 7.81% (4.10% at June 30, 2009)	1,015,000
2002 general obligation bonds of $130,000 due in annual installments ranging from $5,000 to $10,000 through July 1, 2026; bearing interest at rates ranging from 2.70% to 5.60% (4.10% at June 30, 2009)	95,000
2002 general obligation bonds of $830,000 due in annual installments ranging from $10,000 to $75,000 through July 1, 2026; bearing interest at rates ranging from 2.70% to 5.60% (4.10% at June 30, 2009)	730,000
2003 general obligation bonds of $320,000 due in annual installments ranging from $9,000 to $22,000 through January 1, 2030; bearing interest at 4.25%	311,000
2004 general obligation bonds of $355,000 due in annual installments ranging from $5,000 to $30,000 through July 1, 2028; bearing interest at rates ranging from 2.36% to 5.28% (4.38% at June 30, 2009)	320,000

NOTE H - LONG TERM DEBT - Continued

2005 special obligation note of $455,000 due in annual installments ranging from $55,000 to $75,000 through July 1, 2011; bearing interest at rates ranging from 3.27% to 4.62% (4.38% at June 30, 2009)	215,000
2006 general obligation bonds of $3,000,000 due in annual installments ranging from $67,000 to $194,000 through January 1, 2031; bearing interest at 4.50%	2,789,000
2006 special obligation note of $1,695,000 due in annual installments ranging from $200,000 to $285,000 through July 1, 2012; bearing interest at rates ranging from 4.23% to 5.32% (4.38% at June 30, 2009)	1,050,000
2008 special obligation bond of $780,000 due in annual installments ranging from $50,000 to $105,000 through July 1, 2018; bearing interest at rates ranging from 1.53% to 7.50% (2.43% at June 30, 2009)	780,000
2008 special obligation note of $996,000 due in annual installments ranging from $16,000 to $86,000 through July 1, 2032; bearing interest at rates ranging from 1.53% to 7.50% (5.40% at June 30, 2009)	996,000
	$ 10,516,568

The annual requirement to amortize general and special obligation bonds and notes as of June 30, 2009 follows:

June 30,	Principal	Interest
2010	$ 1,002,000	$ 477,085
2011	1,066,341	471,496
2012	1,081,227	363,569
2013	1,026,000	357,978
2014	759,000	313,875
2015-2019	2,066,000	1,140,165
2020-2024	1,280,000	762,250
2025-2029	1,524,000	383,573
2030-2032	712,000	54,700
Totals	**$ 10,516,568**	**$ 4,324,691**

NOTE H - LONG TERM DEBT - Continued

3. ***Other long-term liabilities***

	Outstanding Amount
Note payable to CRIM (LIMS) – On July 3, 2001 the Municipality entered into a financing agreement with the CRIM in the amount of $539,645 for the payment of the Municipality's share of the cost of a management information system **(LIMS)** acquired by the CRIM for the management of taxpayer's properties located in Puerto Rico. The note is payable in semiannual installments of $36,188, including interest of 5.95% and is due on November 28, 2011. Amount is financed with unrestricted funds through withholdings from the advances of property tax and amounts of municipal equalization fund send to the Municipality by the Municipal Revenue Collection Center (CRIM). Debt service requirements in future years are as follows:	**$ 165,852**

June 30	Principal	Interest
2010	$ 63,439	$ 8,624
2011	67,270	4,774
2012	35,143	872
Totals	**$ 165,852**	**$ 14,270**

Note payable to CRIM (Financing of delinquent accounts)– On March 26, 2002, the Municipality entered into a financing agreement with the CRIM in the amount of $470,818, to finance delinquent property tax accounts sold to private investors, under the provision of Law No. 146 of October 11, 2001. The agreement is in the form of a non-revolving line of credit bearing interest of 6.5% for the first 5 years and variable for the next 25 years at 125 points over London Interbank Offered Rate (LIBOR) and is due on December 1, 2032. As described in Law No. 146, interest payments for the first 5 years were financed through .48% of the net increase of subsidy provided by the Commonwealth of Puerto Rico's general fund. Also, during the first 5 years any collection from those delinquent accounts was credited to the loan principal. After the 5 year period the loan outstanding balance was restructured for a 25 years period. Debt service requirements in future years are as follows:	**$ 110,921**

NOTE H - LONG TERM DEBT - Continued

June 30	Principal	Interest
2010	$ 4,823	$ 11,722
2011	4,823	11,422
2012	4,823	11,122
2013	4,823	10,822
2014	4,823	10,522
2015-2019	24,113	48,111
2020-2024	24,113	40,612
2025-2029	24,113	33,113
2030-2032	14,467	16,268
Totals	**$ 110,921**	**$ 193,714**

Note payable to Employee's Retirement System of the Government of Puerto Rico an its Instrumentalities (ERS). – On June 29, 2007 the Board of Trustees of the Employee's Retirement System of the Government of Puerto Rico an its Instrumentalities (ERS) approved Resolution No. 2007-02 authorizing the ERS to establish payment plans with employers related to the application of certain "Special Laws" issued by the Commonwealth Government. Those Special Laws granted increases in pensions to retired employees of the Municipality. This obligation was recognized by the Municipality prior to June 30, 2007. On October 19, 2007 the Municipality refinanced this debt on a long term basis through a $198,355 non-interest bearing note with the ERS. The note has an imputed interest rate is 6.48% and was recorded at its present value of $182,255 net of an unamortized discount of $16,100. The note is payable in annual installments of $66,118 (including interest), is due on February 26, 2010 and will be repaid with unrestricted funds. Debt service requirements in future years are as follows: **$ 62,105**

June 30,	Principal	Interest
2010	$ 62,105	$ 4,014
Totals	**$ 62,105**	**$ 4,014**

NOTE H - LONG TERM DEBT - Continued

Note payable to Puerto Rico Aqueduct and Sewer Authority (PRASA) – On June 23, 2009 the Municipality entered into a financing agreement with PRASA to refinance through a long term (non-interest) obligation a $120,801 debt for water and sewer services as of May 31, 2009. The Municipality paid a down payment of $25,801 and issued a note for the remaining balance. The note has an imputed interest rate of 4.06% and was originally recorded at its present value of $92,028, net of an unamortized discount of $2,972 at inception. This note is payable in annual installments of $5,278 (including interest), is due on December 24, 2010 and will be repaid with unrestricted funds through withholdings from the advances of property tax and amounts of municipal equalization fund send to the Municipality by the Municipal Revenue Collection Center (CRIM). **$ 92,028**

June 30	Principal	Interest
2010	$ 60,734	$ 2600
2011	31,294	372
Totals	**$ 92,028**	**$ 2,972**

Note payable to State Insurance Fund Corporation (SIFC) – On April 30, 2009 the Municipality entered into a financing agreement with SIFC to refinance through a long term (non-interest) obligation a $131,489 debt for workmen compensation insurance applicable to fiscal year 2008-2009. The note has an imputed interest rate of 4.06% and was originally recorded at its present value of $129,589, net of an unamortized discount of $1,900 at inception. This note is payable in annual installments of $4,880 (including interest) and is due on June 30, 2010. At June 30, 2009 the outstanding balance, net of the unamortized discount of $1,268 amounted to $57,295 and will be repaid with unrestricted funds through withholdings from the advances of property tax and amounts of municipal equalization fund send to the Municipality by the Municipal Revenue Collection Center (CRIM). **$ 57,295**

June 30,	Principal	Interest
2010	$ 57,295	$ 1,268
Totals	**$ 57,295**	**$ 1,268**

NOTE H - LONG TERM DEBT - Continued

Compensated absences - includes accrued vacations, sick leave benefits and other benefits with similar characteristics such as compensatory time, represents the Municipality's commitment to fund such costs from future operations. Amount is paid with unrestricted funds. **$ 3,692,679**

Christmas Bonus - represent the accrued portion corresponding to fiscal year 2008-2009 of the Christmas bonus to be paid in December 2009. **$ 402,681**

Claims and judgments - represent the final costs of a legal case paid subsequent to June 30, 2009. The awarded amount will be paid with unrestricted funds. **$ 14,000**

Payable to PREPA - As required by Act No. 83 of May 2, 1941 the Puerto Rico Electric Power Authority ("PREPA") should annually pay to the Municipalities of Puerto Rico a contribution in lieu of tax ("CELI") based on certain requirements as specified by the mentioned Act. The amount of CELI obligation is used by the Municipalities to finance the annual electric utility expense payment to PREPA. For Fiscal year 2006-2007 the Municipality's annual energy charges amounts to $2,179,027 but the CELI obligation determined by PREPA amounted to $1,711,395. As communicated by PREPA the excess amount of $467,632 was recorded as a payable to the Municipality and will be amortized over a 3 year period against the corresponding receivable for the same amount. As of June 30, 2009 the outstanding amount of $155,878 is recognized by the Municipality as a receivable and a liability to PREPA. For fiscal year 2007-2008 the Municipality's annual energy charges amounts to $2,433,082 but the CELI obligation amounted to $2,202,723. The excess amount of $230,359 was also recorded as a payable and a receivable for the same amount. No amortization period was established by PREPA. Debt service requirements in future years are as follows: **$ 386,237**

June 30	Principal
2009	$ 155,878
2011-2015	230,359
Totals	**$ 386,237**

NOTE H - LONG TERM DEBT - Continued

Payable to CRIM, property tax advances – represent amount reported by CRIM on preliminary settlement of excess of advances over actual collections of property taxes applicable to fiscal 2008-2009. (See related note I)	**$**	**84,788**

NOTE I - PROPERTY TAXES

The Municipal Revenue Collection Center (CRIM) of the Commonwealth of Puerto Rico is responsible for the assessment, collection and distribution of real and personal property taxes. The tax on personal property is self-assessed by the taxpayer. The assessment is made on a return, which must be filed with the CRIM by May 15 of each year and is based on the current value at the date of the assessment. Real property is assessed by the CRIM. The tax is general assessed on January 1 on all taxable property located within the Municipality and is based on the current value existing in the year 1957. For personal property the tax is due with the return filed on or before May 15. Taxes on real property may be paid on two equal installments, July 1st and January 1st. Total tax rates in force as of June 30, 2009 are 7.03% for personal property and 9.03% for real property. The distribution of these rates follows:

Description	Personal Property	Real Property
Basic property tax rate, which is appropriated for general purposes and accounted in the Municipality's general fund:	4.00%	6.00%
Percent that belongs to the Commonwealth's debt service fund:	1.03%	1.03%
Percent that belongs to the Municipality's debt service fund:	2.00%	2.50%
Total tax rate:	7.03%	9.53%
Discount granted by law to the taxpayers but reimbursed to the Municipality by the P.R. Treasury Department:	(.20%)	(.20%)
Total percent to be paid by taxpayers:	**6.83%**	**9.33%**

Residential real property occupied by its owner is exempt by law from property taxes on the first $15,000 of the assessed value. For such exempted amounts, the Puerto Rico Department of Treasury assumes payment of the basic tax to the Municipality, except for residential units assessed at less than $3,500 on which a complete exemption is granted. Revenue related to exempt property is recorded in the General Fund. The Municipality grants a complete exemption from personal property taxes up to an assessment value of $50,000 to retailers with annual net sales of less than $150,000.

The CRIM advances funds to the Municipality based on an estimate of special governmental subsidies and the property taxes to be levied and which are collected in subsequent periods. This distribution includes advances of property tax and amounts of municipal equalization fund from the Commonwealth government.

NOTE I - PROPERTY TAXES - Continued

The CRIM is required by law to prepare a settlement statement on a fiscal year basis, whereby a comparison is made between the amounts advanced to the Municipality and amounts actually collected from taxpayers. The CRIM prepares a preliminary settlement not later than three months after fiscal year-end and a final settlement not later than six months after fiscal year-end. If actual collections exceed the advances a receivable from CRIM is recorded. However, if advances exceed actual collections, a payable to CRIM is recorded. This amount is recorded as long term debt. The Municipality has a net payable of $84,788 resulting from the preliminary settlement 2008-2009 which is recorded as long term debt.

NOTE J - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues in the General Fund are comprised of Christmas bonus reimbursement of $280,793 and revenues for municipal equalization fund of $4,161,050 received from the Commonwealth of Puerto Rico. Amount recorded in other governmental funds consists of Federal and Commonwealth governmental grants.

NOTE K - RETIREMENT PLAN

1. ***Plan description***

Regular employees of the Municipality contribute to a cost sharing multiple employer defined benefit retirement plan, administered by the Employee's Retirement System of the Government of Puerto Rico an its Instrumentalities (ERS). ERS covers all regular full time public employees working for the central government, the municipalities and certain public corporations not having their own retirement systems. The system provides retirement pensions, death and disability benefits.

Retirement benefits depend upon age at retirement and number of years of credited service. Disability retirement benefits are available to members of occupational and no occupational disabilities. Benefits are considered vested after ten years of plan participation. The system was created under Act 447, approved on May 15, 1951, as amended, and became effective on January 1, 1952. Retirement benefits are determined by the application of stipulated benefit ratios to the member's average compensation. Average compensation is computed based on the highest 36 months of compensation recognized by ERS. The annuity, for which a plan member is eligible, is limited to a minimum of $200 per month and a maximum of 75% of the average compensation. ERS issues a publicly financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the ERS.

Law No. 305 of September 24, 1999 amended the Act No. 447 of 1951 and was enacted with the purpose of establishing a new pension program (System 2000). The new pension program became effective on January 1, 2000. Employees participating in the current system as of December 31, 1999 may elect either to stay in the defined benefit plan or transfer to the new program. Persons joining the government on or after January 1, 2000 will only be allowed to become members of the new program.

NOTE K - RETIREMENT PLAN - Continued

System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. There will be a pool of pension assets, which will be invested by the System, together with those of the current defined benefit plan. Benefits at retirement age will not be guaranteed by the State government and will be subjected to the total accumulated balance of the savings account. The annuity will be based on a formula, which assumes that each year the employee's contribution (with a minimum of 8.275% of the employee's salary up to a maximum of 10%) will be invested in an account which will either: (1) earn a fixed rate based on the two-year Constant Maturity Treasury Note or, (2) earn a rate equal to 75% of the return of the System's investment portfolio (net of management fees), or (3) earn a combination of both alternatives. If savings accounts balance is $10,000 or less at time of retirement, the balance will be distributed by the System to the participant as a lump sum. Participants receive periodic account statements similar to those of defined contribution plans showing their accrued balances.

Disability pensions are not been granted under the new program. The employer contributions (9.275% of the employee's salary) will be used to fund the current plan. Under System 2000 the retirement age is reduced from 65 years to 60 for those employees who joined the current plan on or after April 1, 1990.

2. ***Funding policy***

The Act 447, as amended, is the authority under which obligations to contribute to the Plan by the Plan members, employers and other contributing entities are established or may be amended. Plan members are required to contribute 5.775% of gross salary up to $6,600 plus 8.275% of gross salary in excess of $6,600 except for the Mayor or employee under a supplementation plan, which contributes 8.275% of gross salary. The Municipality is required to contribute 9.275% of gross salary.

The Municipality's actual contribution for the current and the previous three fiscal years, which is equal to the required contribution, follows:

Fiscal year ended:	Law No. 447	System 2000
2009	$ 241,234	$ 298,133
2008	$ 225,548	$ 223,491
2007	$ 233,799	$ 217,278

NOTE L – POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note K, the Municipality is required to cover annually the 3% increase in the retirement plan of its retired employees, as required by Commonwealth's laws. Also, the Municipality is required to finance costs related to the application of certain "Special Laws" issued by the Commonwealth Government. Those Special Laws granted increases in pensions and other benefits to retired employees of the Municipality such as medicines bonus, Christmas bonus and death benefits. For the fiscal year ended, costs related to these post employment benefits amounted to $149,962. These benefits are recorded as expenditures in the general fund.

NOTE M - COMMITMENTS

1. ***Operating leases***

The Municipality leases office space and office equipment under operating lease agreements, which generally have terms of one year or less and are automatically renewed for the same terms. Rental expenses amounted approximately $158,071. Management believes that the summary of the future minimum rental commitments under noncancelable equipment leases with terms exceeding one year is not significant.

2. ***Construction***

The Municipality has commitments at June 30, 2009 of approximately $ 2,717,060 for construction, improvements or renovation of certain municipal facilities

NOTE N - CONTINGENCIES

1. ***Federal and State grants***

Projects financed by Federal and State Grants are subject to audits by grantors and other governmental agencies in order to determine its expenditures to comply with the conditions of such grants. It is the Municipality's opinion that no additional material unrecorded liabilities will arise from audits previously performed or to perform.

2. ***Litigations***

The Municipality is, at present, a defendant in a number of legal matters that arise in the ordinary course of the Municipality's activities. There are cases whereby the Municipality is a defendant or codefendant that will be covered by insurance, certain cases whereby the legal counsel has not determined an outcome and other cases that will not be covered by insurance. As a result of one settled case as of June 30, 2009 and not to be covered by insurance, the Municipality accrued $14,000 in the government-wide statements. However, it is the opinion of the Municipality and the legal counsels that based on their experience, such actions and the potential liabilities will not impair the Municipality's financial position.

NOTE O – NET ASSETS RESTATEMENT

The following table disclosed the change of net assets balance at beginning of year as previously reported in the government wide statements. The change resulted from the correction of an overstatement of compensated absences liability and correction of an understatement of construction in progress and roads for projects not recorded in prior years. The beginning balances have been restated as follows:

	Net assets
Balance at beginning of year, as previously reported:	$ 34,147,177
Correction of error, overstatement of compensated absences liability	591,009
Correction of error, understatement of capital assets – construction on progress and roads	134,252
Balance at beginning of year, as restated:	$ 34,872,438

NOTE P – FUND BALANCE DEFICITS

Certain special funds included as other governmental funds in the fund statements disclosed fund balance deficits as follows:

	Amount
Capital Fund	$ 35,540
Emergency Shelter Grant	$ 20,278
Hazard Mitigation	$ 8,063
CDBG	$ 133,500
HOPWA	$ 30,654
Office of Elderly Affairs	$ 15,144
Traffic Safety Commission	$ 25,758
Homeland Security	$ 26,239
Law No. 52 and 82	$ 136,011
Law No. 105	$ 14,623

The deficits results from the accrual of expenditures without accruing intergovernmental revenues. As required by current standards, the Municipality recorded intergovernmental revenues for grants on fund statements when all applicable eligibility requirements have been met and the resources are available.

NOTE Q – NET CHANGE IN FUND BALANCE – GENERAL FUND

The Statement of revenues, expenditures and changes in fund balance reported a net change in fund balance for the general fund in the amount of ($806,143), which is composed of the following:

	Amount
Net change in fund balance, 01 Fund	$ (615,867)
Net change in fund balance, other special funds (sales tax funds) included as part of the general fund:	(190,276)
	$ (806,143)

Negative net change in fund balance in 01 Fund resulted of the effect of a fund balance readjustment of $627,000. This represents a readjustment of current year budget with prior year's fund balance resources, approved by the Municipal Legislature. Resources to finance other special funds included as part of the general fund were provided in previous years but funds were expended in current year.

END OF NOTES

REQUIRED SUPPLEMENTARY INFORMATION

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	**Final**	**(Budgetary basis)**	**Positive (Negative)**
Revenues:				
Taxes:				
Property taxes	$ 4,056,940	$ 4,056,940	$ 4,358,412	$ 301,472
Municipal license taxes	3,158,569	3,158,569	3,341,762	183,193
Sales and use taxes	1,661,689	1,661,689	1,555,361	(106,328)
Intergovernmental	3,248,390	3,248,390	3,236,682	(11,708)
Rental income and charges for services	4,273,366	4,538,119	4,533,300	(4,819)
Fines and forfeitures	40,000	40,000	36,285	(3,715)
Interest	288,800	288,800	146,912	(141,888)
Other	172,580	30,000	160,830	130,830
Total Revenues	16,900,334	17,022,507	17,369,544	347,037
Expenditures:				
Current:				
General government	5,440,977	5,744,167	5,729,993	14,174
Public safety	1,657,903	1,550,111	1,549,965	146
Public works	6,147,309	6,890,419	6,762,637	127,782
Sanitation	1,426,349	1,292,336	1,292,078	258
Health	786,763	786,763	786,763	-
Welfare	596,879	586,778	586,656	122
Culture and recreation	522,572	461,220	460,962	258
Education	321,582	293,865	293,777	88
Total expenditures	16,900,334	17,605,659	17,462,831	142,828
Excess (deficiency) of revenues over expenditures	$ -	(583,152)	(93,287)	489,865
Other financing sources (uses)				
Transfers - in		-	4,702	4,702
Transfers - out		(43,848)	(43,974)	(126)
Total other financing sources (uses)		(43,848)	(39,272)	4,576
Readjustment from prior year fund balance (note B)		627,000	-	(627,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		**$ -**	**$ (132,559)**	**$ (132,559)**

The accompanying notes to required supplemental information are an integral part of this schedule.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

June 30, 2009

NOTE A – BUDGET PROCESS AND BUDGETARY BASIS OF ACCOUNTING

The Municipal budget is prepared for the General Fund following the requirements of the Autonomous Municipal Law of 1981, as amended. It is developed utilizing elements of performance-based program budgeting and zero-based budgeting and includes estimates of revenues and other sources for ensuing fiscal year under laws existing at the time the budget is prepared.

Budget amendments are approved by the Municipal Legislature. Certain budget transfers within the limitations and restrictions of the Municipal Law can be approved by the Mayor or by the Municipal Legislature. The budget comparison schedule provides information about the original budget, the amended budget and the actual results, under the budgetary basis of accounting.

The budgetary basis of accounting is different from GAAP. Revenues are generally recorded when cash is received and expenditures are generally recorded when the related expenditure is incurred or encumbered. The encumbrances (that is, purchase orders, contracts) are considered expenditures when a commitment is made. On a GAAP basis, encumbrances outstanding at year end are reported in the governmental funds statements as a reservation of fund balance since they do not constitute expenditures or liabilities while on a budgetary basis encumbrances are recorded as expenditures of current year. Encumbrance appropriations lapse one year after the end of the fiscal year. Unencumbered appropriations are lapsed at year end. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the function level.

The presentation of the budgetary data excludes other appropriations such as capital projects, debt service and special revenue funds because projects are funded on a multi-year nature, generally requiring several years to complete or effective budgetary control is alternatively achieved through general obligation bond indentures and legal and contractual grant agreement provisions.

NOTE B - BUDGET READJUSTMENT

During the year the approved operational budget was increased by $627,000 from previous year excess fund balance. The purpose of this readjustment was to increase the amount assigned to certain expenditures in the general fund.

NOTE C - BUDGET TO GAAP RECONCILIATION

The accompanying budgetary comparison schedule presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for the purposes of developing data on a budgetary basis differ significantly from those used to present accounting principles generally accepted in the United States, the following budget to GAAP reconciliation is presented:

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND, Continued
JUNE 30, 2009

NOTE C – BUDGET TO GAAP RECONCILIATION – Continued

Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis):	$(132,559)
Budget to GAAP differences:	
Entity differences:	
Non budgeted funds recorded as revenues for financial reporting purposes:	16,567
Non budgeted funds recorded as expenditures for financial reporting:	(206,843)
Basis of accounting differences:	
Revenues recorded for financial reporting purposes but not in budgetary basis:	552,647
Revenues recorded in budgetary basis purposes but not in financial reporting	(782,356)
Expenditures recorded for financial reporting purposes but not in budgetary basis	(454,094)
Timing differences:	
Current year encumbrances recorded as expenditures for budgetary reporting purposes:	424,002
Prior year encumbrances recorded as expenditures for financial reporting purposes:	(223,507)
Net change in fund balance (GAAP basis):	$(806,143)

SUPPLEMENTARY INFORMATION

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
SUPPLEMENTARY INFORMATION - FINANCIAL DATA SCHEDULE
BALANCE SHEET AND STATEMENT OF REVENUES AND EXPENSES INFORMATION
JUNE 30, 2009

		14.871
Line Item No.	**Description**	**Housing Choice Vouchers**
	Balance Sheet	
111	Cash - unrestricted	$ 26,243
113	Cash - other restricted	$ 77,457
100	**Total cash**	**$ 103,700**
121	Accounts receivable - PHA projects	$ 366
122	Accounts receivable - HUD other projects	$ 374
125	Accounts receivable - miscellaneous	$ 2,458
128	Fraud recovery	$ 12,339
120	Total receivables, net of allowance for doubtful accounts	**$ 15,537**
144	Inter program - due from	$ -
150	**Total Current Assets**	**$ 119,237**
164	Furniture, equipment and machinery - administration	$ 46,825
166	Accumulated depreciation	$ (34,593)
160	Total capital assets, net of accumulated depreciation	**$ 12,232**
180	**Total Non-current Assets**	**$ 12,232**
190	**Total Assets**	**$ 131,469**
312	Accounts payable <= 90 days	$ -
322	Accrued compensated absences - current portion	$ 5,888
345	Other current liabilities	$ 6,647
347	Inter-program - due to	$ 13,356
310	**Total Current Liabilities**	**$ 25,891**
353	Non-current liabilities - other	$ 11,128
354	Accrued compensated absences - non current	$ 6,493
350	**Total Non-current Liabilities**	**$ 17,621**
300	**Total Liabilities**	**$ 43,512**
508.1	Invested in Capital Assets, Net of Related Debt	$ 12,232
511.1	Restricted Net Assets	$ 69,526
512.1	Unrestricted Net Assets	$ 6,199
513	**Total Equity/Net Assets**	**$ 87,957**
600	**Total Liabilities and Equity/Net Assets**	**$ 131,469**

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
SUPPLEMENTARY INFORMATION - FINANCIAL DATA SCHEDULE
BALANCE SHEET AND STATEMENT OF REVENUES AND EXPENSES INFORMATION
(CONTINUED)
JUNE 30, 2009

		14.871
Line Item No.	**Description**	**Housing Choice Vouchers**
	Income Statement	
70600-010	Housing assistance payments	$ 318,573
70600-020	Ongoing administrative fees earned	$ 57,055
70600-031	FSS Cordinator	$ 8,708
70600-070	Admin fee calculation description	
70600	**HUD PHA operating grants**	**$ 384,336**
71100-020	Administrative Fee	$ -
71100	**Investment income - unrestricted**	**$ -**
71400-010	Housing Assistance Payment	$ 2,232
71400-020	Administrative Fee	$ 2,231
71400	**Fraud recovery**	**$ 4,463**
71500	Other revenue	$ 38,584
700	**Total Revenue**	**$ 427,383**
91100	Administrative salaries	$ 38,421
91200	Auditing fees	$ 1,500
91500	Employee benefit contributions- administrative	$ 14,650
91600	Office expenses	$ 1,781
91800	Travel	$ 74
91000	**Total Operating - Administrative**	**$ 56,426**
96200	Other general expenses	$ 5,805
96210	Compensated absences	$ 6,413
96600	Bad debt - other	$ -
96000	**Total Other General Expenses**	**$ 12,218**
96900	**Total Operating Expenses**	**$ 68,644**
97000	**Excess Revenue Over Operating Expenses**	**$ 358,739**
97300-050	All Other	$ 333,608
97300	**Housing assistance payments**	**$ 333,608**
97350	**HAP Portability-in**	$ 33,379
97400	Depreciation expense	$ 1,949
900	**Total Expenses**	**$ 437,580**
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	**$ (10,197)**

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
SUPPLEMENTARY INFORMATION - FINANCIAL DATA SCHEDULE
BALANCE SHEET AND STATEMENT OF REVENUES AND EXPENSES INFORMATION
(CONTINUED)
JUNE 30, 2009

Line Item No.	Description	Housing Choice Vouchers
	Income Statement	
11030	Beginning equity	$ 98,154
11770-001	Administrative Fee Equity – Beginning Balance	$ 15,979
11170-010	Administrative Fee Revenue	$ 57,055
11170-020	Hard to House Fee Revenue	$ -
11170-021	FSS Coordinator Grant	$ 8,708
11170-030	Audit Costs	$ -
11170-040	Investment Income	$ -
11170-045	Fraud Recovery Revenue	$ 2,231
11170-050	Other Revenue	$ 38,430
11170-051	Comment For Other Revenue	This amount corresponds to the administrative fees earned on the portability-in vouchers administered by the Municipality ($5,051) plus the reimbursement received from the initial PHAs of the HAP rent payments made on behalf of the portability-in units during 08-09 ($33,379)
11170-060	Total Admin Fee Revenues	$ 106,424
11170-080	Total Operating Expenses	$ 68,644
11170-090	Depreciation	$ 1,949
11170-095	Housing Assistance Portability In	$ 33,379
11170-110	Total Expenses	$ 103,972
11170-002	Net Administrative Fee	$ 2,452
11170-003	Administrative Fee Equity - Ending Balance	$ 18,431
11170	**Administrative Fee Equity**	**$ 18,431**
11180-001	Housing Assistance Payments Equity - Beginning Balance	$ 82,175
11180-010	Housing Assistance Payments Revenues	$ 318,573
11180-015	Fraud Recovery Revenue	$ 2,232
11180-020	Other Revenue	$ 154
11180-021	Comment For Other Revenue	This amount corresponds to FFS forfeitures recognized during the period.
11180-030	Total HAP Revenues	$ 320,959
11180-080	Housing Assistance Payments	$ 333,608
11180-100	Total Housing Assistance Payments Expenses	$ 333,608
11180-002	Net Housing Assistance Payments	$ (12,649)
11180-003	Housing Assistance Payments Equity - Ending Balance	$ 69,526
11180	**Housing Assistance Payments Equity**	**$ 69,526**
11190-210	Total ACC HCV Units	1,056
11190-220	Unfunded Units	-
11190	**Unit Months Available**	**1,056**
11210	**Unit Months Leased**	**1,029**

The accompanying note is an integral part of this schedule

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

NOTE TO SUPPLEMENTARY INFORMATION
FINANCIAL DATA SCHEDULE

June 30, 2009

NOTE A – BASIS OF PRESENTATION

The accompanying financial data schedule (FDS) is a trial balance of the Section 8 Housing Choice Voucher Program, administered by the Municipality. The FDS was created in order to standardize the financial information reported by Public Housing Authorities (PHA) to the Real Estate Assessment Center (REAC), as required by the Uniform Financial Reporting Standards (UFRS). REAC is the US Department of Housing and Urban Development (HUD) national management center created to assess the condition of HUD owned and assisted properties. The UFRS are rules to implement requirements of 24 CFR, Part 5, Subpart H, for the electronic filing of financial information to HUD.

In accordance with the guidelines for reporting and attestation requirements of UFRS, the accompanying FDS is included as information supplementary to the financial statements. It was prepared using the accrual basis of accounting, as required by REAC regulations.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number (note B)	Pass-Through Entity Identifying Number (note C)	Federal Expenditures (note A)
U.S. Department of Housing and Urban Development			
Community Development Block Grant-Entitlement Grant	14.218	N/A	$ 1,333,022
Passed through the Office of Commissioner of Municipal Affairs:			
Community Development Block Grant - State's Program	14.228	AB - 57, FC-57 FD - 57	191,386
Passed through the P.R. Department of Family:			
Emergency Shelter Grants Program	14.231	S07DC720001	67,791
Shelter Plus Care	14.238	N/A	46,606
Passed through the P.R. Department of Health:			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	2008-DS 0618	31,849
Passed through the P.R. Department of Housing - (Puerto Rico Public Housing Agency "PRPHA"):			
Public and Indian Housing	14.850	RQ003091 RQ005145	687,625
Public Housing Capital Fund	14.872	RQ005008026	76,979
Section 8 Housing Choice Vouchers	14.871	N/A	384,336
Subtotal U.S. Department of Housing and Urban Development:			2,819,594
U.S. Department of Transportation - National Highway Traffic Safety Administration			
Passed through the P.R. Department of Transportation - (Traffic Safety Commission):			
State and Community Highway Safety	20.600	03-03-76	56,725
Environmental Protection Agency			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	7,016
U.S. Department of Health and Human Services			
Passed through the Puerto Rico Governor's Office - (Office of Elderly Affairs):			
Special Program for the Aging_Title III Part C-1_ and C-2_Grants for Supportive Services and Seniors Centers	93.045	N/AV	182,012
U.S. Department of Homeland Security			
Passed through the Puerto Rico Governor's Office - (Governor's Authorized Representative-GAR):			
Disaster Grants - Public Assistance	97.036	125-99-125	850
Passed through the Puerto Rico Governor's Office - (Office of Public Safety Affairs):			
Citizen Corps	97.053	2004-GE-T4-0008	128,544
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2007-GE-T7-0043	18,055
Subtotal U.S. Department of Homeland Security:			147,449
Total Expenditures of Federal Awards			**$ 3,212,796**

The accompanying notes are an integral part of this schedule.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2009

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Municipality and is presented on the modified accrual basis of accounting. Expenditures are recognized when the related liability is incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations". Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - FEDERAL CFDA NUMBER

The Catalog of Federal Domestic Assistance (CFDA) Number is a program identification number. The first two digits identify the federal department or agency that administers the program and the last three numbers are assigned by numerical sequence.

NOTE C – PASS-THROUGH ENTITY IDENTIFYING NUMBER

State or local government redistributions of federal awards to the Municipality, known as "pass–through awards", should be treated by the Municipality as though they were received directly from the federal government. OMB Circular A-133 requires the schedule to include the name of the pass–through entity and the identifying number assigned by the pass-through entity for the federal awards received as a subrecipient. Numbers identified as N/A are not applicable and numbers identified as N/AV are not available.

NOTE D – RECONCILIATION OF EXPENDITURES PRESENTED IN THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE EXPENDITURES PRESENTED IN THE BASIC FINANCIAL STATEMENTS

Description	Other Governmental Funds
14.218	$ 1,333,022
14.228	191,386
14.231	67,791
14.238	46,606
14.841	31,849
14.850	687,625
14.871	384,336
14.872	76,979
20.600	56,725
66.818	7,016
93.045	182,012
97.036	850
97.053	128,544
97.074	18,055
Total federal awards expenditures:	3,212,796
Total nonfederal awards expenditures:	4,721,044
Total expenditures, fund statements:	**$ 7,933,840**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the
Municipal Assembly
Municipality of San Germán, Puerto Rico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Municipality of San Germán, Puerto Rico**, as of and for the year ended June 30, 2009, which collectively comprise the Municipality of San Germán, Puerto Rico's basic financial statements and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Municipality of San Germán, Puerto Rico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of San Germán, Puerto Rico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality of San Germán, Puerto Rico's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality of San Germán, Puerto Rico's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Municipality of San Germán, Puerto Rico's financial statements that is more than inconsequential will not be prevented or detected by the Municipality of San Germán, Puerto Rico's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality of San Germán, Puerto Rico's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Municipality of San Germán, Puerto Rico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management, Municipal Assembly, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Román Toro & Co.

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Yauco, Puerto Rico
December 29, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the
Municipal Assembly
Municipality of San Germán, Puerto Rico

Compliance

We have audited the compliance of **Municipality of San Germán, Puerto Rico** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Municipality of San Germán, Puerto Rico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Municipality of San Germán, Puerto Rico's management. Our responsibility is to express an opinion on Municipality of San Germán, Puerto Rico's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Municipality of San Germán, Puerto Rico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Municipality of San Germán, Puerto Rico's compliance with those requirements.

In our opinion, Municipality of San Germán, Puerto Rico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Municipality of San Germán, Puerto Rico is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Municipality of San Germán, Puerto Rico's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Municipality of San Germán, Puerto Rico's internal control over compliance.

Internal Control Over Compliance, continued

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Mayor, others within the entity, Municipal Assembly, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Román Toro & Co.

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Yauco, Puerto Rico
December 29, 2009

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COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	[X] Unqualified Opinion	[ ] Qualified Opinion
	[ ] Adverse Opinion	[ ] Disclaimer Opinion
Internal control over financial reporting:		
• Control deficiency identified?	[ ] Yes	[X] None reported
• Significant deficiency identified?	[ ] Yes	[X] None reported
• Material weakness (es) identified?	[ ] Yes	[X] No
Noncompliance material to financial statements noted?	[ ] Yes	[X] No

Federal Awards

Internal control over major programs:		
• Control deficiency identified?	[ ] Yes	[X] None reported
• Significant deficiency identified?	[ ] Yes	[X] None reported
• Material weakness (es) identified?	[ ] Yes	[X] No
Type of auditor's report issued on compliance for Major Programs:	[X] Unqualified Opinion	[ ] Qualified Opinion
	[ ] Adverse Opinion	[ ] Disclaimer Opinion
Any audit finding disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	[ ] Yes	[X] No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant – Entitlement Grants
14.871	Section 8 – Rental Housing Choice Vouchers
14.850	Public and Indian Housing

Dollar threshold used to distinguish between Type A and Type B Programs:	$300,000	
Auditee qualified as low-risk auditee?	[ ] Yes	[x] No

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings are reported.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN GERMAN, PUERTO RICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Year	Finding Number	Finding	CFDA Number	Questioned Cost(s)	Comments

(1) Prior Audit Findings, fully corrected or not noted during our audit:

None.

(2) Prior Audit Findings, not corrected or partially corrected:

None.

(3) Corrective action taken is significantly different from corrective action previously reported:

None.

(4) Prior Audit Findings, are no longer valid:

None.

END OF SCHEDULE