



GOVERNMENT OF PUERTO RICO  
PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY



GOVERNMENT OF PUERTO RICO  
PUERTO RICO HOUSING FINANCE AUTHORITY

**ANSWERS SUBMITTED TO QUESTIONS TO THE REQUEST FOR PROPOSALS  
Trustee for the Puerto Rico Housing Financing Authority  
Single Family Mortgage Revenue Bonds**

**Request for Proposals Issue Date: December 17, 2024**

**Documents will only be received electronically.**

**Submission Time:**

Proposals to be received at the submission email addresses included in Section 7 of the Request for Proposal herein or prior to: 5:00 PM (Atlantic Standard Time) on January 15, 2025

**No Telephone Queries Will Be Accepted**

## **ANSWERS SUBMITTED TO QUESTIONS TO THE REQUEST FOR PROPOSALS**

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) on behalf of the Puerto Rico Housing Finance Authority (“PRHFA”, the “**Authority**” or the “**Issuer**”) is seeking proposals for trustee services for a new single family mortgage revenue bond program (the “**Program**”).

AAFAF and the PRHFA have received questions regarding the RFP and, as per Section III of the Request for Proposals, hereby provide the following answers:

### **1. Indenture v. Trust Estate**

Is the quote expected for the Indenture Trustee role in connection with the bond program only? Or is it also expected to include the Trustee role for the Trust Estate?

**PRHFA expects a quote/proposal from prospective single family bond program trustees for the role as Trustee for its Bonds as well as for the related Trust Estate.**

If both roles are required, is it expected for one institution only to provide both roles, or can these be split between entities?

**PRHFA anticipates and assumes that one banking/trust entity would provide both roles outlined in the question.**

### **2. Indenture Trustee Role**

What is the governing law of the Indenture (i.e., New York law)?

**Though its open General Indenture for the Bonds and related documents have not yet been drafted, PRHFA anticipates that they will be governed by and construed in accordance with the laws of Puerto Rico.**

What is the bonds format (TIA vs 144a/RegS)?

**PRHFA currently contemplates a public offering of all its various series of Bonds. However, a private placement of Bonds to certain institutional investors would not be prohibited under the terms of the General Indenture.**

Are the bonds DTC-eligible (cleared via DTC)?

**Yes, all PRHFA Bonds are expected to be DTC eligible.**

Will all bonds be held at DTCC?

**All PRHFA Bonds currently are expected to be DTC eligible and the Trustee would be eligible to participate in DTC's Fast Automated Securities Transfer Program.**

### **3. Trustee for the Trust Estate**

What is the governing law of the Trust Estate?

**PRHFA anticipates that its General Indenture (plus related documents and the Trust Estate) will be governed by and construed in accordance with the laws of Puerto Rico.**

Is the Trustee expected to act as custodian of the MBS? Or will the MBS be maintained under custody with another institution and pledged to the Trust Estate?

**The Trustee selected by PRHFA is expected to act as custodian of the MBS collateral as part of the Trust Estate to be held under the General Indenture.**

Is the Trustee expected to just maintain the MBS and administer cash flows as collateral for the bonds? Or are there additional activities expected?

**As outlined in PRHFA's RFP for Trustee, the Trustee is expected to perform several roles/duties under the General Indenture, including as trustee/custodian of the MBS and other assets held in the Trust Estate, registrar and paying agent for the Bonds, and dissemination agent for information relating to the Bonds.**

Is it expected for the Trustee to take any actions in connection with the administration of the mortgage loans?

**No, PRHFA expects that its Master Servicer (to be selected in connection with the MBS collateral for the Bonds and underlying mortgage loans) will administer and service those MBS and loans.**

### **4. Bond Structure/Indenture Details**

Will bonds be fixed or variable rate?

**PRHFA currently expects that all its Bonds will be fixed rate, though the General Indenture will be broad enough to permit the issuance of variable rate bonds.**

What is the expected frequency of intra-period redemptions?

**PRHFA anticipates that all payments of principal and interest on the Bonds will be paid semi-annually, though monthly principal redemptions also could be contemplated under the General Indenture.**

Are Guaranteed Investment Contracts/Investment Agreements contemplated?

**No guaranteed investment contracts (“GICs”) or investment agreements currently are contemplated as part of the Trust Estate collateral, but certain GICs and investment agreements would most likely be permitted investments under the General Indenture.**

What is the expected average daily balance of funds on hand?

**The PRHFA expects to issue approximately \$100 million of bonds annually over the next five years with each individual issuance being approximately \$30 million. The PRHFA expects to use the majority of the proceeds of these bonds to finance mortgage-backed securities that will be part of the Trust Estate pledged under the Indenture.**