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COMMONWEALTH OF PUERTO RICO
HOUSING DEPARTMENT

REGULATION TO RULE THE LOW COST HOUSING
BY MEANS OF THE SELF AND MUTUAL HELP
SYSTEM-PROGRAM

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COMMONWEALTH OF PUERTO RICO
HOUSING DEPARTMENT
RURAL HOUSING ADMINISTRATION

REGULATION TO RULE THE LOW COST HOUSING
BUILT BY MEANS OF THE MUTUAL AND SELF
HELP SYSTEM PROGRAM

ARTICLE 1 - LEGAL BASIS

This regulation is adopted by Puerto Rico's Secretary of Housing in accordance with the Authority conferred by Public Law Number 97, June 10, 1972 as amended, known as Housing Department's Organic Law.

This regulation is in harmony and issued by virtue of Article 73-A1 Public Law Number 26, April 12, 1989, as amended.

ARTICLE 2 - PURPOSE

To regulate the Low Cost Housing by means of the Self and Mutual Help System Program, which helps resolve the housing problem using the joint action of the Housing Department's Rural Housing Administration Program and families which possess a parcel of land, but lack sufficient economic means to build a suitable housing.

ARTICLE 3 - DEFINITIONS

1. Administration - Puerto Rico's Housing Departments Rural Housing Administration.
2. Executive Director - Puerto Rico Housing Department's Rural Housing Administration -
3. Participants - Families or person chosen to participate in a Program Project.

ARTICLE 4 - SELECTIONS OF SITES FOR THE ESTABLISHMENT OF PROJECTS

1. The families will establish a group and will express to the Administration their interest in participating in the Program.

2. Technicians in Planning and Administration will identify the site based on the housing necessities and they will make an appointment with the families for a meeting in order to explain the Program and motivate the families to ask for a Project for their community.

ARTICLE 5 - PARTICIPANTS SELECTION

The participants of the Low Cost Housing Program will be chosen from among those persons which have expressed their interest in receiving the benefits of the Program and meet the following requirements.

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- a. Apply for participation in the Program.
 - b. Have legal right to a parcel of land with adequate topography which meets the requirements as established by the government agencies.
 - c. Be head of household or single person which qualifies according to the Regulation for the Adjudication and Disposition of Parcels of Land under Title II of the Land Acts, acknowledging that the concept of low income families will be as established by the Planning Board.
 - d. Be able to establish the need for suitable housing.
 - e. Bind oneself to contribute with personal labor without wage or pay the necessary labor for the construction of the lot.
 - f. Provee that he/she has the necessary economical resources to satisfy the debt to be incurred with the Administration.

ARTICLE 6 - ORGANIZATION OF THE WORK GROUPS

1. The construction of the houses under this Program will be carried out with the action and cooperation of the participants groups, organized by officials of the Rural Housing Administration.

2. Each and every beneficiary of a Project must fulfill certain preliminary tasks, such as: load, unload, carry equipment and construction materials.

3. Once organized the groups will participate in the construction of the houses, under the directions and supervision of officials of the Rural Housing Administration.

4. The performance of the labor necessary for the construction of the houses will be the sole responsibility of the Program's Beneficiary guided and supervised by the Rural Housing Administration's officials. The beneficiaries will also be obligated to finish the house in the time prescribed by the Executive Director or authorize representative.

5. The participants will chose three representatives to become members of the Savings Society which shall be composed of a President, a Secretary and a Treasurer who will collect funds among the participants and will destine them to diverse functions in benefit to the Project for example: down payment, purchasing of miscellaneous materials, labor supplies and other. The aforesaid Saving Society will be supervised by the Administration.

6. The participants will pay in full the amount necessary to cover the insurance premium of the State Insurance Fund or it's substitute.

7. The houses constructed will be consonant with the models available at the Administration at the moment. Any given Project will use the same Model Draft that the majority of the participants choose.

ARTICLE 7 - HOUSING SPECIFICATIONS

1. The drafts and specifications of the model houses to be constructed must be previously approved by the Permits and Regulation Administration.

2. The participants of the Low Cost Housing Program are obligated to conform to the drafts and specification of the design, along with the construction of the houses, according to the standards established by the Rural Housing Administration.

3. The houses are to be constructed with reinforced concrete. In special cases they may be constructed in concrete blocks, reinforced concrete and other materials.

ARTICLE 8 - ADMINISTRATION'S CONTRIBUTION

1. The Administration will advance to the participants the services and materials as follows:

- a. The materials in predetermined quantities.
- b. The use of machinery, tools, patterns and any other necessary equipment.
- c. The use of vehicles for the transportation of materials to the Project.
- d. The services of technical, professional and skilled personnel which can not be supplied by the participants.
- e. These materials, services, machinery tools, and equipment will be provided on a loan bases. The cost of the aforementioned will be reimbursed to the Rural Housing Administration in conformity with the scheduled payments stipulated in this Regulation.
- f. The Rural Housing Administration can also contribute materials, machinery and services for improvement or details or work related to the

construction of the houses but not necessarily part of the original design, that are necessary for the construction, improvement and use of the house. Any additional expenses which are incurred, will be added to the cost of the house or houses as necessary.

ARTICLE 9 - PARTICIPANTS OBLIGATIONS

1. Each participant will consider his/her self as a self-builder of his/her house.
2. Each participant will provide the labour personally and if this is not possible shall pay for a substitute to the Bank.
3. Comply with the obligations, contracted as participants and with the rules and regulations of the Program.
4. If there should exist an unsuitable house, the participant will be committed to eliminate it as soon as a new house has been constructed.
5. Make an initial payment of \$300.00 no later than the schedule date for commencing the project.
6. Promise to refund to the Administration it's contribution for the Project and if cash payment is not possible, shall sign the documents prepared by the Administration that guarantee the payment, such as, promissory notes, mortgage deeds, and others.
7. If a participants withdraws or is withdrawn from the project and if his/her house is in advanced stage of construction, he or she shall be liable to continue contributing their labour, be it personally or through a substitute until all participants are in the same stage of construction as the withdrawee's house.

8. Maintain a good attitude, disposition and cooperation toward other participants of the Project and the Administration.
9. Not to occupy the house until the Project is finished and the Administration makes official delivery. However in cases of necessity the Administration with the consent of the participants can authorize another participant to occupy their house in advance, if they promise in writing to continue contributing his labour free of cost, until the termination of the Project.
10. He or she cannot assign, sell mortgage or transfer by any means their rights over the house or the real estate on which the house is built, while participating in the project, until the documents which guarantee the debt are signed or the debt is satisfied.
11. Comply with all the disposition of this regulation.

ARTICLE 10 - DETERMINATION OF PARTICIPATION COST OF THE ADMINISTRATION

1. The Administration will maintain an individual accounting system for each project, in order to make all the corresponding entries to the Low Cost Housing Program.
2. All the expenses incurred by the Housing Administration Program for it's contribution to each Housing Program in materials, skill labor, use of equipment and any other necessary expenses, will be subject to rigorous entry in accounting books or cards. Each entry will be totaled at the end of the project and the total will be the equivalent to the total of funds invested by the Administration. This total will be divided among the number of participants in

each Project which will reflect the cost of each house.

3. If a house should need any additional labour, different from the original draft, the cost will be calculated in accordance with a previous list of labour units available at the Housing Programs for each house in construction.
4. The cost accounting will be sole responsibility of the Administration.

ARTICLE 11 - FORMS OF PAYMENT

1. The Participants may opt to make the payment of the balance of the contribution made by the Administration after subtracting the initial payment of \$300.00 in the following manner:
 - a. Cash payment
 - b. Monthly payments guarantee by a mortgage deed, which must cover the balance in period not to exceed 20 years without interest.
2. Once the balance of the obligation is satisfied the participant will receive a document which shall evidence the liquidation of the debt.

ARTICLE 12 - NONCOMPLIANCE

1. It is considered a breach of obligation, by the participant if:
 - a. He or she ceases working be it personally or through a substitute during three consecutive days without just cause.
 - b. Ceases to comply with the obligations according to this Regulation.
 - c. Violates any of the rules of this Regulation.

2. In any of the aforesaid situations should prevail the Administration may withdraw a participant from the Program and proceed immediately to the collection of the monies that are owed by the participants, according to the criterious out line in Article 10 of this Regulation.

3. The determination to withdraw a participant from the Program will be made after an informal adjudicative procedure has been followed, having given the participant the opportunity to express his or her reasons. However, the participant may ask for a formal adjudication which shall be governed by the Regulation to Rule the Procedures of Formal Adjudications in the Housing Departments and its agencies.

February 6, 1989.

ARTICLE 13 - SEPARABILITY CLAUSE

Should any part of this Regulation be declared unconstitutional or will by a court, said statement shall not diminish or invalidate the remaining dispositions and parts of this Regulation.

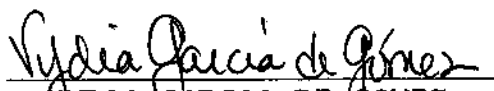
ARTICLE 14 - ANNULMENT

The Regulation to Regulate the Low Cost Housing by means of Self and Mutual Help System Program, of October 18, 1976, auspice by the Housing Department is hereby declared null.

ARTICLE 15 - TERM OF CONTRACT

This Regulation shall begin effect thirty (30) days following the filing at the State Department.

In San Juan, Puerto Rico, on the 14th day of November, 1989.


LYDIA GARCIA DE GOMEZ
SECRETARY OF HOUSING