

“Puerto Rico Land Administration Act”

Act No. 13 of May 16, 1962, as amended

(Contains amendments incorporated by:

Act No. 53 of May 29, 1973

Act No. 7 of April 9, 1984

Act No. 35 of June 27, 1985)

To create the Puerto Rico Land Administration; to fix its powers and duties; and to appropriate funds for the carrying out of the purposes of this act.

STATEMENT OF MOTIVES

It is hereby declared:

(a) That the Commonwealth of Puerto Rico is one of the most densely populated areas in the world; that urban lands, or lands adapted to urban development, are monopolized and kept unused by their owners, which creates an artificial shortage of land and raises its price at a rate higher than the raise in price of other properties and staple commodities; that the speedy raise in the price of land makes it impossible for persons of moderate or low resources to purchase land in appropriate areas, and forces such persons to build their homes outside of close-to-town areas and far from their places of work and other activities; that the raise in the price of land makes for undesirable urban expansions, which, in turn, creates serious financial problems to the Commonwealth and municipal governments, as the costs of providing public services such as roads, water, sewers, public parks, public health, fire prevention and fire fighting, police vigilance, and others such as are necessary for the protection of life and property, so essential for the development of a community, increase several times; that the raise in the price of land increases the overhead cost of industrial and commercial enterprises and, therefore, sets their products at a disadvantage in commercial competition locally as well as abroad; that the relatively speedy raise in the price of land increases differences in income, inasmuch as unused land in Puerto Rico, both urban and rural, is controlled, to a large extent, by a small number of persons;

(b) that this ever-increasing price of land cannot be controlled, nor the problems thereby created can be solved, by any of the tools available to the Commonwealth and municipal governments; that the levy of taxes and the regulations of physical planning are insufficient; that the regulation on subdivision and zoning operates prospectively for undeveloped and underdeveloped areas and cannot prevent the undesirable, but legal, use of the land; and that the regulation on land subdivision is insufficient to control either the expansion of city limits or the disconnected and inadequate expansion of the cities;

(c) that the raise in the price of land also affects or prevents the implementing of the master plans and is a cause of worry for the public conglomerate and constitutes a serious

problem, to control which available public funds may be put to maximum use, by authorizing the acquisition of private property whenever necessary ;

(d) that it is in the public interest to avoid, as soon as possible, the excessive and disproportionate increase in the market price of land.

It is hereby declared, as a matter of legislative determination, the desirability of the approval of the provisions of this act, as a necessary public policy; and, likewise, it is hereby declared that the land reserve authorized in this act constitutes in itself a public end.

It is the intent of the Legislative Assembly that, the activities of the Administration hereby created promote, in a planned and efficient manner, the welfare, the economic freedom and the social justice of the present and future inhabitants of Puerto Rico through the efficient utilization of the land and the fitting out of new areas anywhere in Puerto Rico, to insure a better balance between the needs of future communities and the economic and geographic media; preserve historical values and the natural values of the land, the beaches, the forests, and landscapes; insure the best conditions of health, safety and social life; larger recreational facilities and greater and better essential services; avoid the concentration of landholdings for speculative purposes by any one person; and develop programs for the acquisition of the necessary land for the carrying out of any type of project, by itself, or through or jointly with agencies of the Commonwealth of Puerto Rico or of the Government of the United States, or with private entities; promote action leading to a better utilization of and profiting from the land on the basis of more reasonable costs in behalf of the welfare of the community, especially in the towns and areas adapted to urban development, creating adequate land reserves in order thus to assist the Commonwealth of Puerto Rico in the carrying out of its public policy of industrial, commercial and housing development, and of providing public services so that there may be an orderly development in keeping with the master plans, and of more effectively meeting its governmental responsibility of preserving the health, safety and welfare of the inhabitants of Puerto Rico at the highest level compatible with community resources. Likewise, it is the intent of the Legislative Assembly that the Administration hereby created exercise all necessary powers and rights, in order to carry out all its activities; to acquire any right, interest or easement in any property which favors the development, utilization and conservation of open areas in their natural state, protect water bodies, preserve soils and forests, and the beauty of places devoted to public use, protect the public from the effects of floods, and facilitate the utilization and development of areas which are reserved for projects of public interest, especially those related to the health, safety and welfare of the inhabitants; to make use of such portion of its real property as may be necessary, establishing, in so doing, such conditions or limitations as it may deem necessary or proper regarding its use and utilization; to insure compliance with the provisions of this act and prevent that the use given to such property may facilitate or tend to create or maintain undesirable or adverse conditions to the public interest; to impose such restrictions, when selling or otherwise disposing of its property, as will limit the profits which, in the price to be paid by the public, is to be made by the acquirer regarding the land; and to evolve land rehabilitation projects through drying, draining, filling, irrigating, or any other proper means for increasing land utilization.

Be it enacted by the Legislature of Puerto Rico :

Section 1. — [Short Title] (23 L.P.R.A. § 311)

This act may be cited as the "Puerto Rico Land Administration Act".

Section 2. — [Definitions] (3 L.P.R.A. § 311a)

The following terms, whenever used in this act, shall have the following meanings, except where the context otherwise clearly indicates:

- (a) *Administration.* — Means the Puerto Rico Land Administration.
- (b) *Board.* — Means the Governing Board of the Administration.
- (c) *Bonds.* — Means bonds, notes, or other obligations or evidences of indebtedness.
- (d) *Agency.* — Means branch, department, bureau, commission, board, office, dependency, instrumentality, public corporation, political subdivision, or any other government body.
- (e) *United States.* — Includes the federal government and its agencies, territories, possessions and political subdivisions, and the states of the Union and agencies thereof.

Section 3. — [Creation; governing board, composition, term, compensation] (23 L.P.R.A. § 311b)

(a) There is hereby created a body corporate and politic which shall constitute a public corporation or government instrumentality having a juridical personality separate and apart from that of the Commonwealth of Puerto Rico, and shall be known as the Puerto Rico Land Administration.

(b) The powers of the Administration shall be exercised, and its public policy determined, by a Governing Board composed of the Governor of Puerto Rico, who shall be Chairman, the Chairman of the Puerto Rico Planning Board, who shall be Vice-Chairman, the Secretaries of the Treasury, Transportation and Public Works, Agriculture, and Housing, the Economic Development Administrator, and four (4) additional members to be appointed by the Governor, with the advice and consent of the Senate, for a term of four (4) years and until their successors are appointed and take office.

Two (2) of said members shall be persons who have been related to the New Center of San Juan Project established by Act No. 81 of June 23, 1971, amended, and who are professionally qualified so that, among other things, they may contribute to the endeavor assigned to the Puerto Rico Land Administration to give continuity to the development of said project by virtue of the act which transfers the same to it.

Section 4. — [Executive Director] (23 L.P.R.A. § 311c)

The Executive Director of the Administration shall be appointed by the Board, shall hold office at the will of the appointing authority and until his successor is appointed and qualifies, and shall discharge such duties and bear such responsibilities as may be assigned to him by the appointing authority, pursuant to the bylaws of the Administration. The bylaws of the Administration may provide for the delegation to the Executive Director of such powers and duties of the Administration as the Board may deem proper.

Section 5. — [Secretary] (23 L.P.R.A. § 311d)

The Administration shall have a secretary, who shall be appointed by the Board. The Secretary shall hold office at the will of the appointing authority and until his successor is appointed and qualifies.

Section 6. — [Debts, contracts, finances, printed matter and property] (23 L.P.R.A. § 311e)

The debts, obligations, contracts, bonds, notes, debentures, receipts, expenditures, accounts, funds, printed matter, and property of the Administration shall be deemed to be those of the said Administration and not those of the Commonwealth of Puerto Rico or of any agency, official or employee thereof.

Section 7. — Duties and Powers. (23 L.P.R.A. § 311)

The Administration shall have a juridical personality of its own and may exercise such rights and powers as may be necessary or proper for the carrying out of the purposes hereof, including, but not limited to, the following:

- (a) To have perpetual succession.
- (b) To approve, amend or repeal bylaws.
- (c) To appoint all its officials, agents and employees, and to grant and impose on them such powers, faculties, responsibilities, and authority as it may deem proper; to determine their duties; to fix, change and pay such compensation as it may determine, subject to the policy, bylaws, regulations and procedures approved by the Board. All personnel matters of the Administration shall be regulated without subjection to the laws governing the Office of Personnel of the Government of Puerto Rico or to the rules and regulations promulgated by said Office.
- (d) To adopt, alter, and use a seal which shall be judicially noticed.
- (e) To draft, adopt, amend, and repeal rules and regulations governing the policies of its activities in general, and to exercise and discharge the powers and duties granted to and imposed on it by law. Upon the approval and promulgation of said rules and regulations by the Board, the same shall have the force of law as soon as filed in Spanish and English in the offices of the Secretary of State. Such rules and regulations shall be published in the Bulletin [Register] of the Commonwealth of Puerto Rico and shall not later than ten (10) days after filed in the office of the Secretary of State, be published in a newspaper of general circulation.
- (f) To sue and be sued.
- (g) To establish the accounting system required for an adequate control of all expenditures and revenues pertaining to or administered by it, in consultation with the Secretary of the Treasury.
- (h) To have full powers for the carrying out of the public policy of the Commonwealth of Puerto Rico as herein established.
- (i) To make contracts and to execute all instruments necessary or expedient in the exercise of any or all of its powers.
- (j) To acquire property in any lawful manner, including, but without limitation, the following: by purchase, option of purchase, purchase by instalments, at public auction, by lease, legacy, devise, assignment, exchange, gift, or by the exercise of the right of eminent domain in the manner provided by this Act and the laws of Puerto Rico; and to hold, maintain, use and avail itself of, or

utilize any real or personal property, including, but not limited to, securities and other movables or any interest therein, deemed by it necessary or desirable to carry out its purposes.

(k) To sell, grant options of sale, sell by instalments, convey, exchange, lease or otherwise dispose of its property in the course of its normal operations, except by gift, which may only be made for the benefit of the Commonwealth of Puerto Rico and its agencies. There shall not be considered as a gift any disposal of property, or of any right or interest therein, which, in fulfillment of the purposes hereof may be effected by the Administration at a lower price than it paid for same, or lower than the value of such property, or right or interest therein, in the market.

(l) To sell or otherwise dispose of any real or personal property which in the judgment of the Administration is no longer necessary to carry out the purposes of this Act, subject to the same limitation imposed thereupon by subsection (k) of this section.

(m) To borrow money, give security and issue bonds for any of its corporate purposes or for the purpose of funding, refunding, paying, or discharging any of its outstanding or assumed bonds or obligations, and to secure payment of its bonds and of any and all other obligations by pledging, mortgaging, or otherwise encumbering all or any of its contracts, revenues, income or property.

(n) To accept in its own behalf, or in behalf of the Commonwealth of Puerto Rico, financial aid of any nature, including subsidies, gifts, advances and suchlike, from the Commonwealth of Puerto Rico or its agencies, from the United States Government or its agencies, and from private persons; to enter into contracts, leases, agreements, or other transactions with both or any of such governments or their agencies, and to expend the proceeds of the funds so received for the purposes of this Act.

(o) To have complete control and supervision of any and all of its property and activities, including the power to determine the character of and necessity for all its expenditures and the manner in which they shall be allowed, incurred, and paid, without regard to the provisions of any laws governing the expenditure of public funds, and such determination shall be final and conclusive upon all officers and employees of the Commonwealth of Puerto Rico, without prejudice to the provisions of Section 10 of this act.

(p) To prescribe by regulation the policies governing all matters with relation to the personnel of the Administration. Such policies shall, insofar as compatible with the efficient effectuation of the purposes of the Administration, be similar to those governing the personnel of the Commonwealth Government.

(q) To acquire, in the manner provided in this Act, private property and keep it in reserve, for the benefit of the people of Puerto Rico, for the use of the Commonwealth of Puerto Rico or its agencies. Whenever properties or property rights are condemned for specific purposes of public-work development and social welfare, such purposes shall be carried out within a period of years which shall never exceed fifteen (15), from the date of acquisition. The property so acquired may be assigned or conveyed to the Commonwealth of Puerto Rico or its agencies, under reasonable terms and conditions.

(r) To enter, after obtaining permission to do so from the owner or holder, or his representative, any land or premises, for the purpose of making surveys, taking measurements, or conducting investigations with regard to the nature, conditions and price of such lands or premises, for the purposes of this Act. Should the owner or holder, or his representative, refuse to grant permission to enter the property for the above-mentioned purposes, any judge of the Court of First Instance shall, upon presentation to him of an affidavit setting forth the intention of the Administration to enter such lands or premises for the stated purposes, issue an order authorizing any official or

officials, or employee or employees of the Administration to enter the property described in the affidavit, for the purposes mentioned in this provision.

(s) To acquire real property, urban or rural, which may be kept in reserve towards facilitating the continuation of the development of public work and social and economic welfare programs which may be under way or which may be undertaken by the Administration itself, by the Commonwealth of Puerto Rico or its agencies, and by private persons for the benefit of the above-mentioned public entities or of the community, including, but not limited to, housing and industrial development programs, in order to prevent the inflation brought about by speculative practices in the purchase-sale of real estate and to allow for populational growth in an organized and planned manner.

(t) To promote and share in the fitting out of new areas anywhere in Puerto Rico, within the frame of the policies which will insure a better balance with regard to the needs of future communities, aiming, among other things, to preserve the natural values of the lands, beaches, forests, and landscapes; to insure the best conditions of health, safety, comfort, recreational facilities, essential services, and esthetic activities; to preserve historical values, to insure the utilization of lands on the basis of the most reasonable costs in behalf of the welfare of the community. To this end, but not to be construed as a limitation, to develop programs for the acquisition of the necessary lands, and for encouraging all kinds of projects, such as will favor such development, either on its own or through or jointly with agencies of the Commonwealth of Puerto Rico or of the Government of the United States, or with private entities.

(u) To barter for the purpose of improving the utilization of the lands.

(v) To exercise all necessary powers and rights for developing land rehabilitation projects through drying, draining, filling, irrigating, or any other proper means for increasing land utilization.

(w) To carry out by itself, or through or jointly with agencies of the Commonwealth or of the Government of the United States, or by means of covenants with private persons or entities, programs and works, including housing projects, to insure the most effective development and the fullest utilization, in keeping with the purposes of this Act, of lands owned by the Administration, or by the Commonwealth or any of its agencies.

(x) To acquire any right or interest or easement in any property in order to: promote the development, utilization and maintenance of open areas in their natural state so as to protect bodies of water; to protect the public from the effects of floods; to preserve soils and forests; to preserve the beauty of places devoted to public use, including green areas and public parks; and to facilitate the use and development of areas which are in reserve for projects of public interest, especially those related to the health, safety and welfare of the inhabitants.

(y) To enter into agreements with the Commonwealth and its agencies so as to acquire real property for them; to sell real property owned by them, or intervene in or carry out the development of programs in connection with such property, subject to the laws that fix the official activities of said agencies. To such ends, the parties to these covenants are hereby authorized to make such transfers of funds as may be necessary.

(z) To establish, in disposing of any real property, all such conditions and limitations regarding its use or utilization as it may deem necessary and desirable to insure the fulfillment of the purposes of this Act, so that the use made of said property will not facilitate or tend to create undesirable conditions, or conditions adverse to the public interest, which this Act aims to protect. Whenever the Administration sells or otherwise disposes of property for the acquirer to

erect thereon housing developments or any other type of project involving a subsequent sale to private persons, it may fix such restrictions as it may deem necessary for the effectuation of the purposes of this Act. In any event, it shall include one limiting, through a proper formula, the profits to be had by the acquirer with respect to the land and all other costs of the project.

(a-1) To transmit, in perpetuity or for a limited time, to urbanizers, for housing developments, and to other persons for the undertaking of any work having social interest, any right, real or personal, or any interest in the lands that it may hold; and

(b-1) To sell, whenever it may deem it necessary and desirable, lands or any interest therein, at such price as it may consider reasonable in order to lower the cost of the houses or to fulfill any of the purposes of this Act.

Section 8. — [Subdivision of lands] (23 L.P.R.A. § 311g)

The Administration may, subject to the applicable regulations of the Planning Board, subdivide the lands acquired by any of the means authorized by law, according to the topography of the land, its fertility, the local conditions, and the desirable policies to achieve the best development or utilization of such lands for the benefit of the Puerto Rican community, and thus to fulfill the purposes of this Act. The size and value of such lands shall be determined by the Administration on the basis of the existing needs in the zone, urban or rural, where a program or public work or activity is to be undertaken for the better utilization of such lands. The Administration shall promulgate the necessary regulations to fulfill the purposes of this section.

Section 9. — [Deposits and disbursement of funds] (23 L.P.R.A. § 311h)

All funds of the Administration, including the proceeds from the sale of its bonds, shall be deposited with recognized depositories for funds of the Commonwealth of Puerto Rico, but such funds shall be kept in a separate account or accounts registered in the name of the Administration. Disbursements shall be made by the Administration according to its own regulations and budgets.

Section 10. — [Examination of accounts and books by Controller; report] (23 L.P.R.A. § 311i)

The Controller of the Commonwealth of Puerto Rico shall, whenever he may deem it necessary, but at least once each year, examine all accounts and books of the Administration, and shall report thereon to the Legislative Assembly, the Governor, and any other public officer, as he may see fit. No provision of this Act shall be construed as a limitation to the powers of the Controller of Puerto Rico.

Section 11. — [Conveyance of property and lands] (23 L.P.R.A. § 311j)

The public corporations of the Commonwealth are hereby authorized to assign and convey to the Administration, at the latter's request and under such reasonable terms and conditions as they may agree upon, without the need for auction or other legal formalities additional to the execution of the proper instrument, any property or interest therein, including property already

devoted to public use, such as the Administration may deem it necessary or desirable to possess for the effectuation of its own purposes.

The Secretary of Transportation and Public Works may, free of any cost whatsoever, convey to the Administration, with the approval of the Governor, such lands of the Commonwealth of Puerto Rico as said Administration may need for the effectuation of its purposes. This provision shall not be construed in the sense of authorizing the assignment or conveyance of property specifically devoted to other purposes by legislative provision

Section 12. — [Property - Purchase and condemnation] (23 L.P.R.A. § 311k)

On request of the Administration, the Commonwealth of Puerto Rico may acquire, by purchase, condemnation, or by any other lawful means, for the use and benefit of the Administration, in the manner provided for by this Act and by the Commonwealth laws on condemnation, the title to any real property and the interests therein that may be necessary or convenient for its purposes. The Administration shall advance the necessary funds estimated as the value of the property or rights to be acquired. Any difference in value which may be decreed by the competent court may be paid from the public treasury, but the Administration shall be under obligation to reimburse said difference. After reimbursement in full is made, the title to said property shall be transferred to the Administration, upon order of the court to that effect. In those cases where the Governor of the Commonwealth of Puerto Rico should deem it necessary and convenient that the title to the property and rights so acquired be directly recorded in behalf of the Administration so as to speed up the fulfillment of the ends and purposes for which the same was created, he may so request from the court at any time within the condemnation proceedings, and the court shall so order. The power hereby conferred on the Governor shall not limit or restrain the authority of the Administration to institute itself the condemnation proceedings when it may deem it convenient.

Section 13. — [Property - Declaration of public utility] (23 L.P.R.A. § 311l)

All real and personal property or interests therein necessary to carry out the purposes of this Act are declared of public utility, also every work or project carried out by the Administration, and said real and personal property or any less estate or interest therein may be condemned without the previous declaration of public utility provided in the General Law of Eminent Domain [32 L.P.R.A. § 2901-2913] either by condemnation proceedings instituted by the Commonwealth of Puerto Rico, or directly by the Administration.

Section 14. — [Property - Procedure for acquisition, disposal] (23 L.P.R.A. § 311m)

(a) In any proceedings which have been or may be instituted by and in the name of the Administration for the acquisition of land for the purposes specified in this Act, the Administration may file in the same cause, at the time the petition is filed or at any time before judgment is rendered, a declaration of taking for the acquisition and material delivery of the property the object of condemnation, signed by the person or entity empowered by law to seek the condemnation in question, declaring that said property is sought for the use of the Administration. Said declaration of taking and material delivery shall contain and be accompanied by:

- (1) A statement of the authority under which, and the public use for which, the acquisition of said property is sought.
 - (2) A description of the property sufficient for the identification thereof.
 - (3) A statement of the estate or interest in said property the acquisition of which is sought for the utilization purposes specified in this Act.
 - (4) A plan, in the case of property which can be so represented.
 - (5) The fixing of the sum of money estimated by the Administration to be just compensation for the property the acquisition of which is sought.
- (b) As soon as said declaration of taking and delivery is filed and the deposit is made in the court, for the benefit and use of the natural or artificial person or persons entitled thereto, of the amount estimated as compensation and specified in said declaration, title to the said property in fee simple absolute, or such less estate or interest therein as is specified in said declaration, shall vest in the Administration or in the Commonwealth of Puerto Rico, as the case may be, and such property shall be deemed to be condemned and acquired for the use of the Administration or of the Commonwealth of Puerto Rico. The right to just compensation for the property shall vest in the person or persons entitled thereto; and said compensation shall be ascertained and awarded in said proceeding and established by judgment therein; and the said judgment shall include, as part of the just compensation awarded, interest at the rate of six percent (6%) per annum on the amount finally awarded as the value of the property as of the date of taking, from said date to the date of payment; interest shall not be allowed on so much thereof as shall have been deposited and paid into the court. No sum so deposited and paid into the court shall be subject to any charge for any reason whatsoever.
- (c) Upon application of the parties in interest, the court may order that the money deposited in the court, or any part thereof, be paid forthwith for or on account of the just compensation to be awarded in said proceeding. If the compensation finally awarded in respect to said property, or any part thereof, shall exceed the amount of the money so received by any entitled person, the court shall enter judgment against the Administration or the Commonwealth of Puerto Rico, as the case may be, for the amount of the difference.
- (d) Upon the filing of the declaration of taking, the court shall have power to fix the time within which, and the terms upon which, the natural or artificial persons in possession of the property the object of the proceeding shall surrender material possession to the expropriating party. The court shall have power to make such orders in respect to encumbrances, rentals, taxes, insurance and other charges, if any, burdening the property, as shall be just and equitable. No appeal in any such cause, nor any bond or undertaking given therein, shall operate to prevent or delay the acquisition by, or the vesting of the title to such property in, the Administration or the Commonwealth of Puerto Rico, as the case may be, and its material delivery thereto.
- (e) In any case in which the Administration shall have acquired title in fee simple to and the possession of any land and the structures located thereon, during the course of a condemnation proceeding, before final judgment is rendered, and in which the Administration is obliged to pay the amount finally awarded as compensation, the Administration shall have power to destroy such structures erected on said land.
- (f) In case of condemnation of property for the purposes of this Act, the just compensation shall be based on the value in the market of such property, without taking into consideration any increase in such value due to the condemnation project having been announced and publicized.

The valuation to be made shall not include any increase due to well-founded and reasonable expectation that the property to be acquired by the Administration or by the Commonwealth, or other property similar thereto, or situated within the locality where the former is situated, may now or later be required for public use or social benefit, or be necessary for some use to which it can be applied only by the Administration or the Commonwealth or any agency or instrumentality thereof with power for the condemnation of private property.

In case of condemnation, the just compensation shall likewise not include any new increase by reason of the public improvement or expenditures made in the locality by the Administration or the Commonwealth or any agency thereof, nor shall it include any increase by reason of any other work done by or at the initiative thereof, to effectuate the purposes of this Act, when the increase be the result of plans or resolutions, officially adopted, for the acquisition of land for public works or for the purposes of this Act.

(g) The provisions of Act No. 182, approved May 5, 1949, or Act No. 441, approved May 14, 1947, as amended, shall not apply in respect to the properties acquired by the Administration. In case of sale of real property acquired by condemnation and no longer useful for the purpose of this Act or for the public purposes of the Commonwealth or any of its agencies, preference shall be given to the former owners of the condemned property, or in default thereof, to their forced heirs, subject to the conditions which the Administration may establish for the sale of said property. In no case, however, shall the Administration be obliged to sell to the former owner or to his heirs at a price lower than the market value of the property in question at the time it is sold by the Administration.

When the Administration shall determine that the acquired property or any part thereof is no longer useful for the purposes of this Act or for the public purposes of the Commonwealth or its agencies, it shall notify the person or persons from whom said property was expropriated, or the forced heirs thereof, of their preferent right to reacquire such property. The notification, showing the price and conditions of the sale offer, shall be sent by registered mail, if the addresses of the interested parties are known; if unknown, the notification shall be by edicts, published in a newspaper of general circulation once a week for two (2) consecutive weeks. If the edict is published, it shall be presumed, subject to evidence to the contrary, that the address was unknown.

Upon expiration of the term of thirty (30) days from the notification by mail, or of forty (40) days from the publication of the last edict, which terms shall be unextendable, the Administration shall be at liberty to dispose of the property as best befits the public interest.

When the person or persons entitled to such preference accept, within the term prescribed by this action, the price and conditions of the sale, said person or persons shall be obliged to send to the Administration the amount of the value of the property, by certified check or in legal tender. If the aforesaid requisites are not complied with, acceptance of the preference shall have no validity whatsoever, and the Administration shall be entitled to dispose of the property as expressed in the preceding paragraph.

Section 15. — [Exemption from fees, taxes, registration] (23 L.P.R.A. § 311n)

The properties belonging to the Administration, and any interest in any property held by it, shall be exempt from the payment of all kinds of fees, taxes (except property taxes), Commonwealth or municipal tariff fees or imposts, heretofore or hereafter required by law. This

exemption covers the execution of all kinds of instruments, the prosecution of proceedings of any nature, or the issuance of certifications, and recordings in the registries of property.

Section 16. — [Bonds] (23 L.P.R.A. § 311o)

(a) By authority of the Government of Puerto Rico, hereby granted, the Administration may issue and sell its own bonds from time to time, and have them outstanding.

(b) The Administration, through resolution or resolutions to that effect, shall determine everything related with the date; time of maturity; rate or rates of interest; denomination or denominations; series; form; registration or conversion privileges; medium of payment; place or places of payment; terms of redemption, with or without premium; date they may be declared due, even before their maturity; replacement of mutilated, destroyed, stolen or lost bonds; and all the other conditions and stipulations which it may consider convenient.

(c) The bonds may be sold at public or private sale for such price or prices not lower than ninety-five percent (95%) of the par value thereof as the Board shall determine; refunding bonds may be exchanged for outstanding bonds of the Administration on such terms as the Board may deem to be in the best interest of the Administration. All bonds of the Administration shall be negotiable instruments.

(d) The bonds of the Administration bearing the signature of the officers of the Administration in office on the date of the signing thereof shall be valid and binding obligations, notwithstanding that before the delivery thereof and payment therefor any or all of the officers of the Administration whose signatures or facsimile signatures appear thereon have ceased to be such officers of the Administration.

(e) Temporary or interim bonds, receipts or certificates may be issued in such form and with such provisions as may be provided in such resolution or resolutions.

(f) Any resolution or resolutions authorizing bonds may contain provisions which shall be part of the contract with the bondholders:

(1) As to the disposition of the entire gross or net revenue and present or future income of the Administration, including the pledging of all or any part thereof to secure payment of the bonds;

(2) as to the covenant of pledging all or any part of the revenues, income or property of the Administration;

(3) as to the setting aside of reserves for amortization funds, and the regulation and disposition thereof;

(4) as to limitations on the purposes to which may be applied the proceeds of the sale of any issue of bonds made;

(5) as to limitations on the issuance of additional bonds;

(6) as to the procedure by which the terms of any resolution authorizing bonds, or any other contract with the bondholders, may be amended or abrogated;

(7) as to the amount of the bonds whose holders must consent thereto, and the manner in which such consent may be given;

(8) as to the events, default, and terms and conditions upon which any or all of the bonds should become or may be declared due before maturity, and as to the terms and conditions upon which such declaration and its consequences may be waived, and

(9) as to any other acts or conditions which may be necessary or convenient for the security of the bonds, or that may tend to make the bonds more marketable.

(g) No officer or employee of the Administration executing bonds shall be liable personally on the bonds.

(h) The Administration is authorized to purchase any outstanding bonds issued or assumed thereby, with any funds available therefor, at a price not exceeding the principal amount or the redemption price thereof plus the accrued interest.

(i) The bonds issued by the Administration shall be lawful investments and may be accepted as securities for all trust funds, special or public, whose investment or deposit is under the authority and jurisdiction of the Commonwealth Government or of any officer or employee thereof.

(j) The bonds and other obligations issued by the Administration shall not be a debt of the Commonwealth of Puerto Rico or of any of its agencies; nor shall such bonds or other obligations be payable out of any funds other than those of the Administration.

(k) The bonds issued by the Administration and the income deriving therefrom shall be exempt from taxes and imposts from the Commonwealth of Puerto Rico and its agencies.

(l) The Commonwealth of Puerto Rico does hereby pledge to, and agree with, any of its agencies, or with any agency of the Government of the United States or of any state of the Union, or with any person subscribing to or acquiring bonds or other obligations of the Administration, that it will not encumber, limit nor restrict the properties, incomes, revenues, rights or powers hereby vested in the Administration until all such bonds or other obligations at any time issued, together with the interest thereon, are fully met and discharged.

(m) In addition to the rights which they may have, subject only to the restrictions arising from the contract, the bondholders shall be entitled to compel the Administration, its officers, agents or employees, by mandamus, action or proceeding at law or in equity, to fulfill any and all the terms, agreements or provisions contained in the contract of the Administration with or for the benefit of said bondholders, and to require that there be carried out or performed any of the resolutions and covenants of the Administration or of the duties required by this Act. They may likewise, by action or proceeding at law, challenge any illegal act in violation of their rights on the part of the Administration.

Section 17. — [Government Development Bank, applicability of provisions] (23 L.P.R.A. § 311p)

The provisions of Act No. 272, approved May 15, 1945 [7 L.P.R.A. § 581-595], as heretofore or hereafter amended, shall be applicable to the Administration.

Section 18. — [Prevalence] (23 L.P.R.A. § 311q)

Where the provisions of this Act are in conflict with the provisions of any other act of the Legislature of Puerto Rico, the provisions of this Act shall be controlling and no law hereafter passed shall be construed to apply to the Administration unless so specifically provided.

Section 19. — [Injunctions] (23 L.P.R.A. § 311r)

No injunction shall be issued to prevent the application of this Act or any part thereof.

Section 20. — [Separability] (23 L.P.R.A. § 311 note)

If any provision of this act is declared unconstitutional by any court, said judgment shall not affect the rest of the statute.

Section 21. — [Appropriations] (23 L.P.R.A. § 311 note)

There is hereby appropriated to the Administration, from unencumbered funds in the Commonwealth treasury, up to the sum of twenty million (20,000,000) dollars to carry out the purposes of this act. From this sum there is hereby appropriated and placed at the disposal of the Administration, effective July 1, 1962, the sum of seven million (7,000,000) dollars, and the remaining thirteen million (13,000,000) dollars shall be appropriated and placed at the disposal of the Administration on July 1, 1963. For the initial expenses of organization and operation of the Administration there is hereby appropriated, from unencumbered funds in the Commonwealth treasury, the additional sum of two hundred thousand (200,000) dollars.

Section 22. — [Special provisions] (23 L.P.R.A. § 311note)

The Secretary of the Treasury is hereby authorized to advance to the Administration, from any available funds in the Commonwealth treasury, the sums necessary to carry out the purposes of this act; provided, that the Secretary of the Treasury shall recover the sums advanced, on and after July 1, 1962, chargeable to the appropriation of seven million (7,000,000) dollars provided in Section 21 of this act.

Section 23. — [Report to Legislature] (23 L.P.R.A. § 311s)

The Administration shall submit to the Legislative Assembly at the close of each fiscal year:

- (1) A financial statement.
- (2) A report on the transactions made by the Administration during the preceding fiscal year.
- (3) A report on the status and progress of all the activities of the Administration since its creation, or since the date of the last of these reports

Section 24. — This act shall take effect immediately after its approval.

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