

REGLAMENTO PARA EL COBRO, EMBARGO Y DISPOSICIÓN DE PROPIEDADES

Reinaldo J. Paniagua Látimer
CENTRO DE RECAUDACIÓN DE INGRESOS MUNICIPALES

REGULATIONS FOR THE COLLECTION, SEIZURE AND DISPOSAL OF PROPERTIES

TABLE OF CONTENTS

ARTICLE 1 – TITLE	2
ARTICLE 2 – EXECUTIVE SUMMARY	2
ARTICLE 3 – LEGAL BASIS	3
ARTICLE 4 – PURPOSE	4
ARTICLE 5 – APPLICABILITY	4
ARTICLE 6 – DEFINITIONS.....	5
ARTICLE 7 – DEBT COLLECTION PROCEDURES	8
ARTICLE 8 – PROPERTY SEIZURE PROCEDURE	15
ARTICLE 9 – PROPERTY DISPOSAL COMMITTEE.....	20
ARTICLE 10 – DUTIES AND POWERS OF THE EXECUTIVE DIRECTOR AND THE PROPERTY DISPOSAL COMMITTEE	22
ARTICLE 11 – AGREEMENTS.....	24
ARTICLE 12 – CELEBRATION OF AUCTIONS.....	25
ARTICLE 13 – CONDITIONS AND REQUIREMENTS	28
ARTICLE 14 – AWARD MECHANISM FOR ALL PROCEDURES	29
ARTICLE 15 – SCRIPTURES.....	31
ARTICLE 16 – REQUEST FOR RECONSIDRATION	31
ARTICLE 17 – JUDICIAL CHALLENGE.....	32
ARTICLE 18 – PENALTIES.....	32
ARTICLE 19 – ADMINISTRATIVE FORMS AND ORDERS.....	33
ARTICLE 20 – CAVEAT CLAUSE.....	33
ARTICLE 21 – AMENDMENTS	33
ARTICLE 22 – REPEAL CLAUSE	33
ARTICLE 23 – VALIDITY	34

ARTICLE 1 – TITLE

This Regulation will be known as “Regulations for the Collection, Seizure and Disposition of Properties”.

ARTICLE 2 – EXECUTIVE SUMMARY

PURPOSE:

The purpose of this Regulation is to establish the rules to be followed for the collection of delinquent property tax debts, seizure, auction and sale of properties through settlement, assignment, transfer, sale or any other mechanism for the acquisition and disposal of the property ownership. Likewise, the Property Disposition Committee is established that will attend auction processes or other mechanisms for the disposal of seized properties. At the same time, it establishes the penalties for disposing, hiding, destroying or alienating seized assets. Finally, through this regulation, Regulation No. 8738 adopted by the CRIM on April 28, 2016, is repealed.

JUSTIFICATION:

This Regulation is adopted by virtue of the following powers conferred on the CRIM in Article 7,003 of Law No. 107 of August 14, 2020, as amended, known as the “Municipal Code of Puerto Rico”:

“(a) Enforce the provisions of the Municipal Code and carry out all necessary and pertinent actions that lead to a better administration of said statute. This includes improving and making the contribution collection and collection systems more efficient.

...

(d) Carry out all necessary arrangements to collect property tax accounts.

...

(g) Develop, jointly with the municipalities, administrative processes to expedite the collection of property taxes, through the promulgation of regulations for this purpose.

...

(p) Adopt, amend and repeal regulations to govern its affairs and establish rules, regulations and standards related to the fulfillment of its functions and duties and for the execution of the laws whose administration is delegated to it.

...

(t) Make and formalize agreements, leases, contracts and any other documents necessary or pertinent for the exercise of the functions conferred by this Chapter.

...

(w) Seize and execute in the name and on behalf of the corresponding municipality, any properties and assets of those taxpayers who owe taxes on property after compliance with the applicable law procedures.

...

(z) Exercise any other powers and duties, and carry out activities, programs and agreements that are assigned or that are inherent or necessary to comply with the purposes of this Chapter.”

BENEFITS:

One of the greatest benefits of the adoption of this Regulation is the proactive notification to citizens of the consequences of not paying the property tax and the steps that CRIM can implement to collect said debt. This is intended to encourage compliance with tax obligations on the property and avoid seizure and sale of these. In turn, it establishes for the Municipalities that sign work agreements with the CRIM the steps to follow for the collection of delinquent debts or seizure of property.

COSTS:

Among the costs related to the adoption of this regulation are those of administrative compliance. These costs demonstrate compliance with regulations, which include the cost of paperwork and creation of files to demonstrate compliance with the different mechanisms for the disposition of seized properties. Although the use of paper is reduced to the extent that government procedures move towards digitalization, it is no less true that this process still includes papers that must be printed, signed, scanned and sent by email or regular mail.

On the other hand, there are also substantive compliance costs, which represent those capital and production costs that may be required as part of a regulation, including equipment, technology, personnel, training, professional services, etc. The rules set forth herein impose substantive compliance requirements on regulated subjects since they were updated in accordance with the provisions of Law 107-2020. In turn, the cost of technology and personnel is assumed by the CRIM when using its equipment, personnel and consultants for the execution of the Regulation.

ARTICLE 3 – LEGAL BASIS

This Regulation is adopted in accordance with the provisions of Law No. 107 of August 14, 2020, as amended, known as the “Municipal Code of Puerto Rico” and Law No. 38 of June 30, 2017, as amended, known as the “Puerto Rico Uniform Administrative Procedure Act” (LPAU).

ARTICLE 4 – PURPOSE

As provided by Law No. 107-2020, the tax imposed on the value of real property must be paid semiannually to the Municipal Revenue Collection Center (CRIM), in advance, on the first of July and January of each taxable year. Said contribution becomes delinquent and accumulates charges and interest if it is not paid within ninety (90) days after the due date. Once this term has been exhausted without the debt being satisfied, the CRIM has the right to initiate a procedure for the collection of said delinquent taxes.

The CRIM was created to assist municipalities in obtaining funds so that they can improve the services they provide to their citizens. The purpose for which this Regulation is adopted is to establish and standardize the rules that will serve as a basis for the procedures that authorize the CRIM to collect, seize, auction and sell properties through settlement, assignment and transfer, sale or any other means of acquire and dispose of ownership of properties. In addition, as preventive and/or remedial measures, procedures are instituted for the mitigation of losses or “Loss Mitigation” and the adoption of new payment alternatives available for taxpayers with debts in a state of delinquency.

ARTICLE 5 – APPLICABILITY

The provisions of this Regulation will apply to any natural or legal person that intervenes or participates in the process of acquiring a property that is subject to a loss mitigation, collection, seizure, execution or disposal process by the CRIM. This includes:

1. To the Municipalities of Puerto Rico that sign work agreements with the CRIM in accordance with the provisions of Regulation Number 8438 known as “Regulations for the Administration of Work Agreements between the Municipal Income Collection Center and the Municipalities of Puerto Rico” and Regulation Number 9094 known as “Regulations to empower the Municipalities of Puerto Rico to carry out all collection efforts carried out by the CRIM.”
2. To the lawyers and external resources that the municipalities hire to carry out collection efforts and enforcement procedures.
3. To any debt that is due and that is not under one of the following situations:
 - a. In bankruptcy proceedings
 - b. In a payment plan, unless you have failed to comply with the terms and conditions of the plan.
 - c. It is in the process of administrative hearings.
 - d. It is before the consideration of a Court of Justice.

- e. In the process of applying for some credit by the CRIM Office of Adjustments and Corrections.
- f. Any other reasons duly justified by the taxpayer and accepted by the CRIM.

ARTICLE 6 – DEFINITIONS

The following terms used in this Regulation have the meaning expressed below, unless otherwise apparent from their context. Furthermore, wherever a masculine or feminine term is used, the text applies exactly the same to the opposite gender.

1. **Current Economic Year**– means the financial year that begins on the first (1) of July of one year and ends on the thirtieth (30) of June of the next year.
2. **Committee**– means the Property Disposition Committee created by Article 9 of these Regulations.
3. **Taxpayer**– means any natural or legal person subject to paying taxes imposed by law, including, without limitation, corporations, estates, trusts, partnerships, companies, associations or any other form of business. In cases of inheritance, the term taxpayer will include all members of the succession who have legal capacity.
4. **CRIM**– means Municipal Revenue Collection Center.
5. **Current Debt**– means that contribution imposed on the collection of real property pending payment by the debtor within ninety (90) days from its maturity. In the case of personal property, current debt is considered to be any tax imposed pending payment by the debtor within thirty (30) days from its due date.
6. **Overdue Debt** –means that contribution imposed on the collection of real property that has not been paid by the debtor within sixty (60) days after its due date, but that is not yet in a state of delinquency because the term of payment has not expired ninety (90) days. The payment of all overdue real property debt carries a surcharge of ten percent (10%) in accordance with Article 7.059 of the Municipal Code of Puerto Rico.
7. **Delinquent Debt**– means that contribution imposed on the collection of real property that is not paid by the debtor within ninety (90) days after its due date, including surcharges and accrued interest. In the case of personal property, a delinquent debt is the contribution imposed on the collection of the personal property that is not paid by the debtor within thirty (30) days after its due date, including surcharges and accumulated interest.

8. **Expired debt**– means all delinquent debt existing in the CRIM records that includes one or more taxable years of non-prescribed debt.
9. **Right of Redemption**– right and interest that the owner must rescue or release an asset or property which was seized from a natural or legal person; or transferred to the CRIM for the payment of taxes.
10. **Filing**– is the administrative procedure of notifying the taxpayer of the annotation of an ordered seizure or of any other procedure and the written proof of having carried it out.
11. **Executive Director**– means the Executive Director of the CRIM, as established in Law No. 107, supra.
12. **Property Disposition**– means sale, exchange, lease, assignment, settlement or any other means of transmitting control of the property that is consistent with the laws and regulations of the Commonwealth of Puerto Rico.
13. **Collection Management Unit**– refers to the specialized operational division within the Municipal Revenue Collection Center (CRIM), in charge of the execution of measures aimed at the collection of outstanding debts in favor of the CRIM. The Unit is empowered to implement the enforcement procedures stipulated by law for those cases where ordinary collection methods have been exhausted. In addition, the Unit is responsible for carrying out the study and analysis of debtor accounts that can potentially be categorized as uncollectible. Likewise, it is responsible for the custody, protection and administration of assets subject to seizure, until their final disposal through legal mechanisms such as public auctions.
14. **Owner**– Means the person, natural or legal, with title to the personal or real property, as appropriate. It includes, without limitation: both spouses, all persons who acquire property in common pro-indiviso or by inheritance, housing cooperatives, limited dividend corporations, and associations for non-pecuniary purposes, among others.
15. **Edict**– writing, mandate or decree posted in a public place, or published in a press medium of general circulation subject to the Rules of Civil Procedure of Puerto Rico, for the purpose of notifying or notifying of an official disposition of the CRIM or of a authorized municipal agency.
16. **Seizure**– Retention of an asset or property by court order, or by government prohibition to trade or transport by preventive annotation in the Property Registry or by annotation in the CRIM Seizure Book. Furthermore, seizure is understood as the administrative management carried out through the enforcement procedure by the CRIM requiring the bank or the person who is in possession of any property, property rights, credits or money payable to the taxpayer, not exempt from seizures, that retains from such assets or rights amounts that the CRIM notifies it in order to cover the tax

debt pending payment, prior to the presentation of the corresponding judicial action and in accordance with the provisions of current laws.

17. **Preferential Tax Lien**– Means the legal lien or mortgage on the real property subject to the property tax for the current financial year and the five (5) previous years, as established in the Municipal Code. It is a lien with priority over any other prior or subsequent liens, which weigh on a property and will be the tax liability to be collected from the taxpayer. The debt that remains after establishing this tax liability becomes personal debt. In cases where people or entities acquire properties through a foreclosure or judicial sale, the tax liability will be established based on the date of the judicial sale deed.
18. **Tax Assessment Report**– means the appraisal or professional opinion on the value of a property, carried out by a valuation technician or valuation specialist duly authorized by the CRIM and those municipalities that sign work agreements with the CRIM.
19. **Market Valuation Report**– means the non-production cost of the property adjusted for depreciation and obsolescence. In the event of a dispute, the criteria outlined in the Uniform Standards of Professional Appraisal Practice, published by the Appraisal Standards Board of Appraisal Foundation, will be taken into consideration.
20. **Governing Board**– means the governing body duly constituted in accordance with Law No. 107, supra, which has the responsibility of ensuring compliance with the provisions established in said law.
21. **Bidder or Offeror**– means any natural or legal person who requests to participate in the processes that govern this regulation for the disposal of properties. The term excludes members of the Governing Board, contracted personnel who carry out property valuation work, and CRIM employees and their relatives up to the fourth (4th) degree of consanguinity and second (2nd) degree of affinity.
22. **Alternate Member**– means the person designated by the Executive Director to replace a Full Member in case of absence. This must comply with all the duties and responsibilities of a full member, except serving as President of the different committees, divisions or units.
23. **Member**– means the person designated by the Executive Director to fulfill all the duties and responsibilities established in these Regulations for the different committees, divisions, boards or units.
24. **Credit note**– document or receipt issued by the CRIM in favor of the taxpayer to prove a specific amount and inform the reason why the credit is generated.

25. **Offer**– is a proposal that informs the intention to pay a certain sum.
26. **Elderly Person**– For the purposes of this regulation, an elderly person will be considered anyone who is sixty-five (65) years of age or older.
27. **Limitation Period for Regular Deficiency Assessment**– refers to the term of four (4) years, for which the review of the personal property tax return must be carried out, counted from the date on which the taxpayer submitted it. When the appraisal of the property and the contribution have been made by the CRIM within this limitation period, the contribution may be collected through the enforcement procedure, if it begins within seven (7) years after the appraisal of the personal property tax, or prior to the expiration of any period for collection that is agreed in writing between the CRIM and the taxpayer before the expiration of said period of seven (7) years.
28. **President**– means the person designated by the Executive Director to chair the Property Disposition Committee.
29. **Enforcement Procedure**– exercise, with an order of authority, of administrative processes leading to the collection of property taxes that are delinquent.
30. **Property**– any material asset or right subject to ownership. In the case of real property, it refers to land, lots, houses and other constructions and improvements attached to the land, as well as everything that is attached to a property in a fixed manner, so that it cannot be separated from it without this representing a deterioration of the object. In the case of personal property, it refers to those assets that are susceptible to appropriation and that can be transported from one place to another without detriment to the property to which they are attached. This includes, but is not limited to, credits or money payable to the taxpayer, salaries and bank deposits payable to or belonging to the taxpayer. Also considered property is any real right that can be sold, assigned, leased or transmitted by any means, in accordance with the laws and regulations of the Government of Puerto Rico.
31. **Auction**– means the process to dispose of the assets or properties seized or belonging to the CRIM through public bidding.

ARTICLE 7 – DEBT COLLECTION PROCEDURES

ARTICLE 7.1- Preventive Debt Collection Procedure

The preventive debt collection efforts may be carried out by the Collection Management Unit and the municipalities that carry out collection efforts by agreement.

Preventive collection efforts will begin once CRIM records reflect that the debt is sixty (60) days or more past due, but not to exceed ninety (90) days. However, the CRIM reserves the right to carry out the preceding procedure in extension of said term. The procedure includes the following procedures:

1. All current debts whose payment has not been reflected within the first sixty (60) days and which, by provision of Article 7.059 of the Municipal Code of Puerto Rico (21 LPRC sec. 8016), are subject to ten percent (10%) surcharge.
2. One (1) notice of late taxes will be sent to the taxpayer at the address on file by any of the following means: regular mail, email and/or text message. The late notice will contain an exhortation to make the payment on or before the ninetieth (90th) day of the debt due date to avoid the accumulation of surcharges, penalties and interest. At the discretion of the CRIM, such notification could be replaced by courtesy calls to the taxpayer.
3. At the discretion of the CRIM, additional collection efforts may be carried out by any of the means described above and/or through collection calls to the taxpayer at the address and telephone number listed in their file.
4. Preventive collection efforts will be carried out from the sixtieth (60th) day to the ninetieth (90th) day of debt maturity. Any debt of ninety (90) days or more becomes delinquent and will be treated in accordance with the procedures detailed below.

ARTICLE 7.1.2 – Loss Mitigation Management

Loss mitigation efforts may be carried out by the Collection Management Unit, and the municipalities that carry out collection efforts through an agreement.

The loss mitigation procedures will begin at their discretion once the CRIM records reflect that the debt has become delinquent and will be carried out for a period of thirty (30) days from said date. However, CRIM reserves the right to extend said term, as well as any other term related to the preceding procedure as it deems necessary. The procedure includes the following procedures:

1. Accounts with delinquent debts in the CRIM books that are more than ninety (90) days past due and that are not yet more than one hundred and twenty (120) days past due will be identified.
2. At the discretion of CRIM, one (1) notification of delinquent debt, along with the details of the tax imposed or owed, including interest, surcharges and penalties, will be sent by regular mail, email or text message to the delinquent taxpayer the address on your file. The notification will contain an

exhortation to make payment of the delinquent taxes owed and will communicate the availability of payment alternatives for the taxes owed.

3. During the thirty (30) day loss mitigation period, CRIM may carry out collection notifications and collection calls directed to accounts identified as delinquent. The objective of these calls will be to obtain full or partial payment of what is owed or; a payment plan, and warn the taxpayer about the possible consequences of failing to comply with their tax obligation.
4. After the term of thirty (30) days of loss mitigation efforts has elapsed without having obtained payment of the delinquent taxes and without the taxpayer having accepted a payment plan, it will be understood that the CRIM has made sufficient additional efforts to collect the debt.
5. Any debt more than one hundred and twenty (120) days past due that has not been satisfied or that is not subject to a payment plan, may be subject to the enforcement procedure described in section 8 of these Regulations.
6. The provisions of this article do not imply a variation or explicit or implicit waiver of the right to seize the taxpayer's assets in accordance with Article 7,072 of the Municipal Code of Puerto Rico (21 LPRA sec. 8029) immediately the debt becomes delinquent. Nor does it mean that what is established here conditions the start of said procedure in any way.
7. The CRIM reserves the right to omit any part of the loss mitigation procedure in those cases that it considers to be unsuccessful or unnecessary.

ARTICLE 7.2 – COLLECTION PROCEDURE FOR DEFAULT DEBTS

Collection efforts for delinquent debts may be carried out by the Collection Management Unit and the municipalities that carry out collection efforts through an agreement.

Collection procedures for delinquent debts may begin immediately, once the CRIM records reflect that the debt became delinquent or, in those cases where loss mitigation efforts were made, once thirty (30) days have elapsed from the date on which the debts became delinquent. However, CRIM reserves the right to extend said term, as well as any other term related to the preceding procedure as it deems necessary. The procedure includes the following procedures:

1. All accounts with tax debts that are more than one hundred and twenty (120) days past due and that are not subject to a payment plan will be identified.
2. A collection notice will be sent by regular mail or email, in which the taxpayer will be informed of the expiration of the delinquent debt, the taxes owed including interest, surcharges and penalties,

the warning of the consequences of not satisfying the payment of a delinquent debt and the availability of payment alternatives. This notice will contain a demand for payment within a period of fifteen (15) days from the sending of the notification. This notice may be supplemented or replaced by collection calls and/or additional notifications at the discretion of CRIM.

3. If no response or payment commitment is obtained as a result of the collection notice(s) issued, at the discretion of the CRIM, a Final Collection Notice may be sent by regular mail or electronic mail to the last address in the file of the CRIM, with the details of the debt and a final payment requirement within a period of fifteen (15) days from the sending of said notification. The communication will warn the taxpayer of the imminence of the enforcement procedure in the event of not satisfying the debt within the term provided for it. The notification will also contain an account statement detailing the taxes owed, including interest, surcharges and penalties, a warning of the consequences of not paying the debt and the availability of payment alternatives.
4. At the discretion of the CRIM, delivery of any collection notifications may also be arranged personally. The person responsible for completing a letter personally will retain a copy of the tax file, including the date, address of delivery and the name of the taxpayer or their authorized representative to whom it was delivered.
5. Once the term provided by any of the collection notifications has elapsed without the collection request being met, at the discretion of the CRIM, the property seizure procedure will begin in accordance with Article 8 of this Regulation.
6. Authorized officials of the CRIM or the municipalities have the option of making additional collection efforts using the method of telephone calls and visits to the taxpayer, subject to the provisions of this Regulation and the Municipal Code of Puerto Rico. In such cases, a log of additional collection efforts carried out must be kept, which will form part of the tax file of the delinquent debtor.
7. The provisions of this article do not imply a variation or explicit or implicit waiver of the right to directly seize the taxpayer's assets in accordance with Article 7.072 of the Municipal Code of Puerto Rico (21 LPRA sec. 8029) immediately the debt becomes delinquent. Nor does it mean that what is established here conditions the start of said procedure in any way.
8. The CRIM reserves the right to omit any part of the delinquent debt collection procedure in those cases that it considers to be unsuccessful or unnecessary.

ARTICLE 7.3 – Procedure for collecting overdue debts.

Collection efforts for overdue debts may be carried out by the Collection Management Unit and the municipalities that carry out collection efforts by agreement.

Collection procedures for overdue debts will be carried out for all debts in a state of delinquency that reflect unsatisfied debts corresponding to one (1) or more taxable years. However, CRIM reserves the right to extend or shorten said term, as well as any other term related to the preceding procedure, as it deems necessary. The procedure includes the following procedures:

1. At the beginning of each fiscal year, all accounts that reflect overdue debts corresponding to one (1) or more taxable years will be identified in the CRIM records.
2. A final collection notice detailing the tax imposed or owed, including interest, surcharges and penalties, if any, will be sent by regular mail, email or text message to the delinquent taxpayer at the last address on file. Said notification will notify you of the due date of the debt, the possible consequences of non-payment and a formal payment requirement within a period of thirty (30) days.
3. At the discretion of the CRIM, collection calls may be made to the accounts identified with overdue debt, with the purpose of seeking payment for these and/or the offer of the Payment Plan. In these cases, up to a maximum of three (3) collection call attempts will be made for each contributory account identified with overdue debt.
4. After thirty (30) days from the final notice of debt collection without payment being verified and without the taxpayer having taken advantage of a payment plan for guaranteed delinquent debts, the case will be referred to the Debt Management Unit. CRIM collections, to begin the seizure procedure described in Article 8 of this regulation.
5. In those cases where the taxpayer cannot be contacted, he or she will be referred to the Director of the CRIM Collections Management Unit, for the corresponding analysis and processing.
6. In all those cases in which the taxpayer refuses to pay the tax debt or refuses to accept a Payment Plan, or in those cases that the CRIM, after evaluating the file of the delinquent taxpayer, deems it necessary, the property seizure procedure prescribed in Article 8 of this Regulation will begin.
7. The provisions of this article do not imply a variation or explicit or implicit waiver of the right to directly seize the assets of the taxpayer immediately the debt becomes delinquent in

accordance with Article 7.072 of the Municipal Code of Puerto Rico (21 LPRA sec. 8029). Nor does it mean that what is established here conditions the start of said procedure in any way.

8. The CRIM reserves the right to omit any part of the procedure for collecting overdue debts in those cases that it considers to be unsuccessful or unnecessary.

ARTICLE 7.4–PAYMENT PLANS

The following payment alternatives will be available for tax debts, depending on their type and the conditions detailed below:

ARTICLE 7.4.1 – PAYMENT READJUSTMENT PLAN

1. This payment alternative will be available for any tax debt that is less than one hundred fifty (150) days late and whose amount does not exceed one hundred thousand dollars (\$100,000.00). However, it is at the discretion of the CRIM to authorize the application of said payment plan to debts that exceed this period under any circumstances it considers relevant. In those cases, in which the principal owed exceeds one hundred thousand dollars (\$100,000.00), the taxpayer must request and obtain written authorization from the municipality where the property is located, prior to taking advantage of this plan.
2. The term of this payment plan will be twelve (12) months with monthly payments corresponding to ten percent (10%) of the original amount of the contribution owed, payable on the same days of the month following the day on which the payment plan originated day.
3. To qualify for this plan, payment of ten percent (10%) of the total owed will be required as an initial payment.
4. By accepting this payment plan, surcharges, penalties and interest are suspended for the duration of the payment plan for the invoices included within it.
5. The taxpayer who chooses to take advantage of this payment plan must comply with the payments on the date established for this purpose, as well as must remain up to date with any semiannual or supplementary contribution not included within the payment plan and/or corresponding to subsequent taxable years. . Failure to make any of these payments will be sufficient reason to cancel the payment plan.

6. As part of this payment plan, the taxpayer assumes the commitment to keep CRIM informed of any changes in their contact information, postal address and/or changes in ownership of the real property.
7. If the taxpayer fails to comply with the terms and conditions of the payment plan, he or she will be obligated to pay the overdue tax along with the surcharges prescribed by law from the moment in which he or she stops complying with said terms. In addition, the procedure for seizure of the taxpayer's assets may be initiated in accordance with Article 8 of this Regulation.

ARTICLE 7.4.2 – PAYMENT PLAN FOR OVERDUE DEBT:

1. This payment alternative will be available for any taxable account with overdue debt corresponding to one (1) or more taxable years. In those cases, in which the principal owed exceeds one hundred thousand dollars (\$100,000.00), the taxpayer must request and obtain written authorization from the municipality where the property is located, prior to taking advantage of this plan.
2. This plan will have a term of five (5) years with annual payments corresponding to twenty percent (20%) of the adjusted amount of the original debt payable on the same days of the year following the year in which the payment plan originated.
3. To qualify for this plan, payment of twenty percent (20%) of the adjusted amount of the original debt will be required as an initial payment.
4. The taxpayer who opts for this payment plan must pay the amount corresponding to twenty percent (20%) of the adjusted amount of the debt, one (1) time each year during the period of five (5) years until satisfying one hundred percent (100%) of the debt.
5. The taxpayer will also undertake to remain up to date with the payment of taxes for the current and subsequent years, as well as any other supplementary taxes that are not included in the payment plan. Failure to comply with any of these payments will be sufficient reason to cancel the payment plan.
6. By accepting this payment plan, surcharges, penalties and interest are suspended for the duration of the payment plan for the invoices included within it.
7. As part of this payment plan, the taxpayer assumes the commitment to keep CRIM informed of any changes in their contact information, postal address and/or changes in ownership of the real property.

8. This payment plan will consider uniform forgiveness of interest, surcharges and penalties on the contribution owed. The exact amount of said forgiveness will be determined through a percentage that will be established by the CRIM Governing Board. Said forgiveness percentage may vary in accordance with the age of the overdue debt and/or based on any criteria that, in accordance with the need for collection, the Governing Board determines as necessary.
9. In those cases, in which, having accepted a payment plan for overdue debt, and at a later date the Board approves a forgiveness percentage higher than that of the previous plan, they may be adjusted at the discretion of the CRIM.
10. If the taxpayer stops complying with the terms and conditions of the payment plan, he or she will be obliged to pay the overdue tax along with the surcharges prescribed by law from the moment in which he or she stops complying with said terms. In addition, the procedure for seizure of the taxpayer's assets may be initiated in accordance with Article 8 of this Regulation.
11. At CRIM's discretion, a payment reminder communication from the overdue debt plan will be sent once (1) per year via regular mail or email. The sending of this reminder or the lack thereof will not constitute a valid reason for non-compliance with the provisions of the payment plan for overdue debts.

ARTICLE 8 – PROPERTY SEIZURE PROCEDURE

The Seizure Procedure may be carried out by the Collection Management Unit and the municipalities that carry out collection procedures through an agreement.

This property seizure procedure may be initiated at any time to ensure the collection of any delinquent debt. It will not be a requirement or condition for the initiation of this procedure that any collection procedure prescribed in Article 7 of this Regulation has been carried out. It will be sufficient that there is a debt in a state of delinquency, as prescribed by Article 7.073 of the Municipal Code of Puerto Rico (21 LPRC sec. 8030).¹ The procedure includes the following procedures:

¹Art. 7.073, in the pertinent part, establishes: Immediately after the expiration of the terms granted by Article 7,059 established for the payment of the real estate contribution, the CRIM or its representative will issue a written notification of seizure which will include the total of the taxpayer's debt, and will proceed to seize the property of the defaulting debtor.
(...)

[T]he seized property, or the part thereof strictly sufficient to cover the debt, will be sold at public auction as soon as possible after said period without further notice.

1. The process and control of the seizure procedures will be the responsibility of the CRIM Collection Management Unit. For these purposes, said unit will guard the files of the cases that warrant seizure. These files will include, among others:
 - a. Duly cleared Debt Certification, which includes details of the principal, interest and surcharges for all years pending payment.
 - b. Certification of Tax Values.
 - c. Copy of the taxpayer's debt and payment history, if applicable.
 - d. Check Sheet for the Garnishment Process of the Collection Supervisor and/or Authorized Municipal Representative, recommending that you proceed with the annotation of the garnishment.
2. The Collection Management Unit, after reviewing the file and confirming that it is correct in all its parts, will carry out the following process:
 - a. It will assign a lien number and a case number. These numbers will be used in all documents related to the case that is the subject of the embargo.
 - b. In cases of debts related to the contribution of real property, the form called "Title Study" must be completed. This form will include the seizure number and the case number, to carry out a study of the title of the property in question in the Puerto Rico Property Registry. Once completed, this form must be returned to the Collections Management Unit.
 - c. In those cases where the delinquent debt is for personal property, the title study will be carried out in the Property Registry where the delinquent taxpayer resides, to determine if he or she owns property or real rights registered in his or her name.
 - d. In both cases (personal and real property) the seizure annotation will be made in the Single Electronic Book of Seizures of the Property Registry. In cases of real property, the seizure annotation will also be made to the affected property (property, volume and folio).
 - e. Once the title study has been carried out and the taxpayer's ownership of properties or real rights subject to seizure has been verified, said information will be used to complete the "Certification of Garnishment Annotation" form.
 - f. In those cases where the referral to the Collection Management Unit originates from the cancellation of a payment plan due to non-compliance, the number assigned to the plan will be included in the Certification of Garnishment Note.
 - g. The Certification of Garnishment Annotation form must contain:
 - i. Garnishment number

Municipal Revenue Collection Center
Regulations for the Collection, Seizure and Disposition of Properties

- ii. Case number
 - iii. Name of the debtor taxpayer
 - iv. Property value according to appraisal
 - v. Cadastre number
 - vi. Debt details
 - vii. Description of the asset or assets to be seized.
 - viii. Canceled payment plan number, if any.
- h. Once the certification of seizure annotation has been presented electronically and is carried out by the Property Registry, a copy of the registration certification will be sent to the municipal office that has referred the case to the Collection Management Unit. .
 - i. Once the seizure annotation has been made by the Property Registry, the Collections Management Unit will prepare the original and copy of the Garnishment Notification form. The Executive Director of the CRIM, or the person designated by him, will sign said document.
 - j. Once the above procedures have been completed, the assigned personnel will proceed to notify the delinquent debtor personally, delivering the Garnishment Notice and a copy of the Garnishment Recording Certification. Said notification will express the total of overdue and unpaid taxes, interests and surcharges. Additionally, it will warn the taxpayer that if the taxes are not paid within a period of thirty (30) days from the date of the notification, the seized property will be sold at public auction, without further notice.
 - k. At the time of delivery of the notification to the debtor, family member or responsible entity in charge of the affected property, the person in charge of the completion will complete the "Certificate of Completion" section. If the debtor, family member or responsible entity in charge of the affected property cannot be found, the person in charge of the process will state it in the document along with the steps taken.
 - l. In those cases where the seizure notification cannot be personally served to the taxpayer, the CRIM will proceed to make said notification by publishing an Edict in a newspaper of general circulation in Puerto Rico. Said publication will be made only once (1) and must comply with the provisions of the Rules of Civil Procedure for summons by edicts.
 - m. Once the edict is published, the CRIM will send a copy of the published edict, the Notification of Attachment and a copy of the Certification of Annotation of Attachment by certified mail with acknowledgment of receipt to the last address resulting from the

documentation or tax file existing in the CRIM. This procedure will be considered prima facie evidence that said delinquent taxpayer was notified of the seizure.

- n. In the case of personal property held by any person who is obliged to keep it in favor of the CRIM, in accordance with the provisions of Article 7.073, supra, the section provided for the "Designation of Depositary for Seized Personal Property" will be completed in the Garnishment Notice form.
- o. In cases where the seizure of property includes a motor vehicle, its license will be required from the defaulting debtor and a copy of the Seizure Notification form will be provided to the Department of Transportation and Public Works (DTOP), to prevent it from being carried out any transfer of ownership thereof.
- p. If no real property or real rights of the debtor are found to seize as collateral for the debt, the CRIM will require the person in possession of other property, rights, credits or money of the taxpayer to retain the amounts specified by the CRIM to cover the debt outstanding. This includes wages, bank deposits or other payments do not exempt from garnishment. To do this, the form "Notification of Seizure of Personal Property Held by Third Parties" will be used, which will be completed in the original and two copies.
- q. The CRIM has the right to choose which assets it wishes to seize in the first instance, regardless of whether they are personal or real.
- r. As soon as the notification of the seizure is served, personally or by edict, the CRIM or its representative is authorized to seize the seized assets, or to close the business or property, if deemed necessary. He is also authorized to enter the house or home, if said debtor consents. In those cases where the delinquent taxpayer does not consent to entry, the CRIM or his authorized representative may go before a Court of Justice to request a court order authorizing entry into the house or dwelling.
- s. All these services may be contracted to natural or legal persons dedicated to these matters.

ARTICLE 8.1 – Cancellation of the Seizure Note

1. A seizure annotation will be canceled only if any of the following circumstances occur:
 - a. If the taxpayer satisfies the total amount owed during the period mentioned in the seizure notification for the payment of the outstanding tax debt.
 - b. When the annotation of the embargo is made in the name of a taxpayer other than the one to whom the outstanding debt corresponds.

- c. When the seizure is made on property that does not belong to the delinquent taxpayer.
- d. When there was an error in the warranty procedure or replacement.
- e. When cancellation is appropriate as a matter of law.

However, the CRIM may postpone the sale of real property due to tax debt to any taxpayer who is elderly or suffers from a terminal illness and presents medical certification proving it. In addition to said medical certification, the following circumstances must occur:

- a. It is the only real property and permanent home of the taxpayer
- b. The taxpayer does not have sufficient assets or income to fully pay the tax debt nor is it possible to apply for a payment plan.

For these cases, the term established for the cancellation of seizure annotations due to taxes of Article 208 of the Real Property Registry Law of the Commonwealth of Puerto Rico (Act No. 210-2015), will be suspended until the death of the taxpayer or until the condition that warranted the postponement of the sale of the property ceases.

2. If it has been determined that the cancellation of the seizure annotation is appropriate, the Collection Management Unit will complete the seizure cancellation certificate electronically. In accordance with the above, the Title Investigator or the personnel designated for these purposes will provide a copy of the lien cancellation certificate to the affected taxpayer and will keep the original as part of the tax file.

ARTICLE 8.2 – General Provisions on the Sale of Property

1. The Executive Director of the CRIM will delegate to the Collections Management Unit the responsibility of keeping the lists of seized properties subject to disposal up to date and updated.
2. Among the responsibilities delegated to the Collections Management Unit are the following:
 - a. Maintain a record of all seized properties and a file for each property. The Registry of Seized Properties must include the description and address of the property, main balance sheet and the property values related to the execution and appraisal.
 - b. Notify the Operational Services Unit of the execution and allocation of the property in favor of the CRIM, so that they provide the Collection Management Unit with the necessary information to carry out its functions.
 - c. Custody records of seized properties.

3. The CRIM may acquire properties through purchase and sale, settlement, assignment and transfer or any other means of acquiring ownership of properties established by law or regulation. If the CRIM becomes the owner of any property, it must:
 - a. Manage the corresponding insurance policies for the acquired property.
 - b. Ensure that property that CRIM seizes or has ownership of is managed, controlled and preserved.
 - c. In accordance with the best interests of the CRIM, evaluate the convenience of making improvements to preserve and/or enable the property or to achieve a reasonable value for its subsequent disposal and/or lease.
 - d. Will diligently guard the keys.
4. To carry out the administrative enforcement procedure, or settlement, the Executive Director of the CRIM may delegate to the Collection Management Unit or may hire external lawyers who have specialized practice in this type of cases.
5. The Committee assigned to carry out the administrative enforcement process or any other property acquisition mechanism will carry out the same in accordance with the provisions of the CRIM Law and Regulations. Your intervention in the case will culminate when you present the deed to the Property Registry.

ARTICLE 9 – PROPERTY DISPOSAL COMMITTEE

ARTICLE 9.1 – Creation

A Property Disposition Committee, hereinafter referred to as “Committee”, is hereby created and established and shall be responsible for disposing of the properties in accordance with the best interests of the CRIM. In addition, it will be responsible for ensuring that the provisions of this Regulation are complied with.

ARTICLE 9.2 – Composition

1. The Committee will be made up of three (3) members who will be CRIM employees. One (1) of the members must be a lawyer assigned to the Collections Management Unit.
2. Committee members will serve an indefinite term until they resign or are replaced by the Executive Director.

3. The Executive Director will appoint and designate the President and the line of succession to the presidency in the event of the absence of the President. This will also appoint alternate members if a vacancy arises.
4. The three (3) members of the Committee will have the right to voice and vote. A secretary will be appointed, without voice or vote in the decisions of the Committee, who will be appointed by the Executive Director. The secretary will carry out the functions described in these Regulations and any other matter delegated by the Executive Director.

ARTICLE 9.3 – Faculty

The Committee will have the power to hold and recommend to the Executive Director the award of auctions or any other alternative mechanism used for the disposition of CRIM properties.

ARTICLE 9.4 – Meetings

Committee meetings will be held monthly or, if necessary, on dates conveniently agreed upon by its members. These may be carried out in person or virtually.

ARTICLE 9.5 – Quorum

Two (2) members of the Committee will constitute a quorum (simple majority); provided that at least one (1) member must appear for each meeting.

ARTICLE 9.6 – Assistance

1. The members of the Committee are obliged to attend all meetings that are called.
2. Two (2) consecutive absences will allow the President to recommend to the Executive Director that the position be declared vacant.
3. Absences due to illness, authorized vacations or absences for official business previously notified to the President will not be considered for the purposes of this provision.

ARTICLE 9.7 – Vacancies

Only the Executive Director may officially declare a vacancy.

ARTICLE 9.8 – Other Provisions

1. The full and alternate members will be called to the meetings by the full President.

2. In the event that the President is absent, and an emergency arises in the CRIM in which it is necessary to call a meeting, the member who serves as alternate President is authorized to convene the members of the Committee.
3. The alternate members will replace the full members and will have the right to vote when, for any reason, they are absent from the meetings.
4. Full members, like alternate members, may not delegate their responsibilities to the Committee.

ARTICLE 10 – DUTIES AND POWERS OF THE EXECUTIVE DIRECTOR AND THE PROPERTY DISPOSAL COMMITTEE

ARTICLE 10.1 – Duties and powers of the Executive Director

The Executive Director will have the following duties and powers:

1. Appoint the members of the Committee, their alternates and the President.
2. Approve or reject the Committee's recommendations for the disposition of a property in a period of no more than thirty (30) days.
3. Approve or reject the Committee's recommendation to hire external companies for the sale and disposition of properties, perform title studies and personal diligence.
4. Notify the taxpayer by certified letter of the final result of the auction, within a period of no more than thirty (30) days from the date of the auction.
5. Keep the Governing Board informed of reports of properties recommended for sale below the taxable amount.
6. Any other management that the Governing Board entrusts to you.

ARTICLE 10.2 – Duties and Powers of the Committee

The Committee will have the following duties and powers:

1. Evaluate bids and recommend awarding auctions to the Executive Director.
2. Send the file of the case subject to auction to the Collections Management Unit for filing.
3. Adopt management mechanisms that guarantee the best functioning and streamlining of auctions.
4. Submit recommendations to the Executive Director on possible reviews and/or amendments to these Regulations or to the procedures established for the maintenance and disposal of seized properties.

5. Submit to the Executive Director for consideration alternative mechanisms for the disposition of seized properties. This includes recommending the hiring of external companies to hold the auction, carrying out title studies and personal completion.

ARTICLE 10.3 – Duties and powers of the President of the Committee

The President of the Committee will have the following duties and powers:

1. Comply with and enforce the obligations of the Committee, and all applicable provisions established in current law and regulations.
2. Represent the Committee, convening and direct meetings.
3. Submit to the Executive Director, when appropriate, reports that include auctions awarded and pending award and/or any other report requested.
4. Evaluate, recommend and submit for the consideration of the Executive Director, offers on properties in dispute.

ARTICLE 10.4 – Responsibilities of the Secretary:

The secretary will be responsible for:

1. Safeguard the information in the files and archives of the Committee.
2. Maintain a record of all correspondence received or dispatched for the Committee.
3. Receive and safeguard auction files.
4. Maintain a file for each auction that is held. This file will contain all the documents related to it, including the following:
 - a. Auction Notice
 - b. Recommendation and report of the Committee
5. Notify the Committee Members in writing of the calls issued by the President.
6. Notify the awards, as well as the Committee's agreements, to the bidders.
7. Certify awards, as well as agreements and any other Committee documents.
8. Prepare and keep the minutes of the meetings held by the Committee. They must include the following information:
 - a. Date and purpose of the meeting.
 - b. Participants (Committee Members)
 - c. Start and end time of the meeting.

- d. Summary of the topics discussed and the agreements adopted by the Committee.
9. Prepare a report on auction awards which will include the Committee's recommendations.

ARTICLE 10.5 – Duties and powers of the lawyer assigned to the Committee

The lawyer assigned to the Committee will have the following duties and powers:

1. Evaluate the legality of the procedure and recommendations to be presented to the Executive Director.
2. Evaluate and enforce all applicable precepts established in current law and regulations, such as, for example, Safe Home.

ARTICLE 11 – AGREEMENTS

1. The property sale procedure to be used for each case will be the “Viva Voz Auction”, within which the principles of competitiveness and transparency will be observed to the maximum possible extent.
2. The Executive Director or the person to whom he delegates must approve each auction sale procedure.
3. If a member of the Committee does not agree with the majority decision, his or her dissenting vote with its reasons must be recorded in the report.
4. The Committee, at its discretion, may provide a copy of the Valuation Report, as long as it is made available to all bidders, no less than seven (7) days before the auction is held.
5. The CRIM may hire real estate brokers with a valid license to practice their profession in Puerto Rico or entities or companies specialized in this type of activity and that are authorized to sell properties at public auctions. In these cases, they are authorized to receive offers directly. These must comply with the provisions of this Regulation and applicable laws.
6. Any resolution, award recommendation and/or decision adopted by the Committee must be approved by the majority of the members present, meaning a simple majority in a duly constituted meeting.
7. A copy of the published auction notice will be maintained in the file prepared for the disposition of each property.
8. The person to whom the property is awarded in the auction process acquires it as is and will not have the right to remedial action against the CRIM.

9. The debtor or delinquent taxpayer who owns the property can participate on equal terms in the property auction process.
10. The embargo annotation is canceled in the cases mentioned in Article 8.1 of this Regulation.

ARTICLE 12 – CELEBRATION OF AUCTIONS

ARTICLE 12.1 – Term

All property seized by the CRIM must be auctioned within a period of no more than one (1) year, counted from the date of approval for the sale of the property by the Executive Director.

ARTICLE 12.2 – Number of auctions to be held

All property seized by the CRIM may be submitted to at least one (1) open voice auction. At its discretion, the Committee may recommend the calling of successive auctions when there is no award in the first one held.

ARTICLE 12.3 – Minimum Award Quantities

1. The seized assets will be sold at public auction, for a minimum rate to be determined by the total amount of the property contribution debt, or the appraisal at market value; whichever is smaller between the two. For these purposes, the total debt for property taxes will include interest, penalties and costs. However, in no case may the minimum rate be less than the principal of the tax debt or the market value of the property as appraised. Likewise, the appraisal must not be more than one (1) year old by the CRIM.
 - a. In the case of auctioning real properties, the Committee may adjust the minimum rate taking into consideration the following factors:
 - i. Report on Taxable Values of the property, including its current market value.
 - ii. Administrative expenses incurred by the CRIM related to the property,
 - iii. Current debt and time that the debt generated by the foreclosure of the property has been in the CRIM books,
 - iv. Market valuation report,
 - v. Social impact of the provision,
 - vi. Any other criteria that need to be considered based on the characteristics and circumstances of each property,
 - vii. Any other provision related to the public interest.

- b. In the case of auctioning personal property, the Committee will take into consideration the following factors:
 - i. Property Tax Valuation Report,
 - ii. Administrative expenses incurred by the CRIM related to the property,
 - iii. Market valuation report.
 - c. When, according to its best judgment and after weighing the aforementioned factors, the Committee determines that the highest offer resulting from the auction does not offer an adequate and acceptable economic value, in accordance with all the criteria described above, it may declare the auction void.
2. The Committee will unanimously adjudicate any disposition of real property in consideration of the following:
- a. The minimum amount for the allocation of real property through a public outcry auction must in no case be less than the principal of the taxes debt or the market appraisal value.
 - b. In those cases, in which the maximum amount offered does not represent an adequate and acceptable economic value, in accordance with all the criteria described above, the auction may be declared void.
 - c. As an exception, a real property may be awarded at a price lower than the principal of the tax debt and/or the market appraisal value, with written approval of the Executive Director.
3. The Committee will unanimously adjudicate any disposition of personal property in consideration of the following:
- a. In the first auction, the minimum award amount will not be less than seventy-five percent (75%) of the market value.
 - b. If a second auction is necessary, the amount will not be less than sixty percent (60%) of the market value.
 - c. The approval of the Executive Director will be required when they propose to allocate a personal property, at a price less than sixty percent (60%) of its market value.
 - d. The Committee will verify in writing the criteria weighed to recommend the award of personal property below its market value. In that case, the Executive Director must present a report to the Governing Board so that the said body authorizes him, through a Resolution for this purpose, to carry out other steps aimed at disposing of the property.
4. The recommendations of the Committee for property allocations to the Executive Director must contain a minute with all the data mentioned in section one (1) of this art. Yoass and the criteria

weighed to recommend the award. It will be part of the file. Among the actions to be considered, the following could be considered, among others:

- a. This amount is subject to the prohibition of selling a property through the enforcement procedure for an amount less than the total amount of the taxes owed on said property, plus surcharges and interest.
 - b. Authorize the Executive Director to negotiate directly with other government agencies and instrumentalities, municipalities, for-profit and non-profit entities (duly certified), and private individuals for the disposition of the property.
 - c. Authorize the Executive Director to donate the property to a non-profit entity (duly certified), municipality, corporation, agency or government entity, as long as it is certified that the costs related to maintaining the properties are greater than the benefits that can be obtained. obtain from finding a buyer in the future.
5. The Executive Director will prepare a detailed Report for the Governing Board of the method and process followed in the disposition of the property and the documents that legalize the transaction.
 6. The Executive Director will send a copy of the Report and the documents that legalize the transaction to the Collections Management Unit, so that the properties can be removed from the property inventory.
 7. If there is no auction or award in any of the auctions, the CRIM may award the seized properties for the corresponding minimum award rate.
 8. The amount owed by the delinquent or debtor taxpayer will be confidential.
 9. The Committee may group two or more properties into a single group if it understands that doing so makes them more attractive to potential buyers and responds to the best interests of the CRIM and its legal conditions allow it. For the purposes of classifying said set, its value will be considered the sum of the respective values of each property, considering the market appraisal value and the principal of the contributory debt.

ARTICLE 12.3 – Auction Announcement

1. The Auction must be announced at least thirty (30) days in advance of the established date. The notice will be published at least once (1) in one (1) printed or digital newspaper of general circulation in Puerto Rico, on the CRIM Internet page and edicts will be posted for the same effect. It may also be notified in specialized magazines or any other means that the Committee determines

constitutes an appropriate call for the auction. The cost of said advertisements and edicts will be charged as part of the costs of the sale and will be paid to CRIM.

2. The Auction Notice must contain, at a minimum, the following information:
 - a. Number assigned to the auction. This will be made up of two (2) figures. The first will correspond to the fiscal year and the second, to the auction number.
 - b. Clear and specific description of the property to be disposed of.
 - c. Day and time when the property can be inspected.
 - d. Deadline, place and address for filing applications by mail or in person.
3. For this service, external companies that are dedicated to these purposes and are duly certified may be hired.
4. The CRIM will keep a copy of the advertisement published in the newspaper as prima facie evidence of the proper auction announcement.

ARTICLE 13 – CONDITIONS AND REQUIREMENTS

ARTICLE 13.1 – Those who will not be able to participate

1. Members of the Governing Board, nor municipalities that sign work agreements with the CRIM (unless they have abstained from the collection processes for the property to be auctioned), nor CRIM employees, nor may they be bidders. their relatives in the fourth degree of consanguinity or in the second degree of affinity.
2. The people mentioned in Subsection (1) will also not be able to acquire or purchase the property, from the grateful bidder or any subsequent buyer, within a period of two (2) years from the date of award of the property.
3. The bidder must be free of debt in the CRIM and must present a negative certification.

ARTICLE 13.2 – Out loud auction

1. This procedure calls for bidders to present their offers in a public auction through the process of out-spoken bidding. The award of the property to the best bidder will be recommended.
2. The Committee may specify natural or legal persons specialized in this type of auction.
3. This procedure must comply with all the provisions of this Regulation that apply to it.

ARTICLE 13.3 – Responsibility of the bidder

It will be the non-delegable responsibility of the bidder to inspect the property before carrying out the open voice auction in accordance with the procedures detailed in these Regulations. If the bidder ignores this requirement, the CRIM will be relieved of all responsibility.

ARTICLE 14 – AWARD MECHANISM FOR ALL PROCEDURES

ARTICLR 14.1 – Recommendation

1. All auctions will be awarded by the Executive Director upon recommendation made by the President of the Committee.
2. In any property disposal transaction that is accepted, a Certificate of Purchase, or any other applicable legal document, must be formalized.
3. When the property being auctioned is awarded to a third person or awarded to the CRIM, the proceeds from the sale of such property will be dedicated to the payment of the tax debt. The CRIM may award seized properties for the minimum rate corresponding to the auction in which the property was awarded, which in no case will be less than the principal of the debt for tax on the property, or the appraisal at market value.
4. If the property is awarded to CRIM, it will deliver to the taxpayer or his legal succession a credit notes for a sum equal to the difference between the award price and the tax debt in collection. This credit may be used by the taxpayer to be applied to future property tax debts.
5. In the case of award to a third party, the surplus, if any, will be delivered by the CRIM to the taxpayer, once other tax debts with the CRIM, municipalities and the Treasury Department have been satisfied.
6. If the amount obtained at auction is insufficient to cover the balance of the tax debt, the CRIM may collect from the delinquent taxpayer the amount of the contribution with its surcharges and overdraft interest, as soon as it becomes aware that it is in possession and is the owner of seizable properties. The enforcement and collection procedure established by law will be followed.
7. In the case of personal property, the title will be passed to the buyer upon payment of the bid price of properties sold. The surplus as a product of the sale will be returned by the CRIM to the owner of the property sold or his heirs or assigns in accordance with the provisions of Article 7,074 of Law No. 107, supra. It is established that the unsold portion of said property will be left at the auction site at the owner's expense and risk.

ARTICLE 14.2 – Purchase of Personal and Real Property by the CRIM

1. Any personal property or parcel of real property that is offered at public auction for the payment of unpaid taxes and is not sold due to lack of a sufficient offer to cover the amount of the debt; It may be purchased in the name of CRIM by making a public offer for the auctioned property for the total amount of taxes, penalties and costs.
2. Once the property has been awarded, the corresponding purchase certificate will be granted in the name of the CRIM, which will be presented at the Property Registry. Once registered, it will constitute absolute title to said property in the name of the CRIM, free of any mortgage, charge or any other encumbrance. Said certificate will constitute prima facie evidence of the facts recorded therein in any controversy, procedure or suit, which concerns or concerns the rights of the buyer, his heirs or assigns over the property.
3. The CRIM will be exempt from paying fees to the Property Registry for the registration of the purchase certificate, as well as any copy issued therefrom.
4. The CRIM may transfer, free of charge, to the corresponding municipalities, the title of the personal and real property acquired through the execution procedure for the collection of taxes owed. The municipalities are obliged to receive all real estate located within their geographical demarcation and will dispose of it in accordance with the applicable law and regulations.

ARTICLE 14.3 – Closing

1. The date to be established for the preparation, signing and delivery of the Certificate of Purchase will be sixty (60) days following the date of the auction. Said term may be extended by the Committee if it understands that there is just cause for it.
2. If a bidder who has been awarded the auction does not sign the Purchase Certificate within the aforementioned term and has demonstrated just cause for the delay, the CRIM will proceed to confiscate the deposit, as provided in these Regulations.
3. In the event that the sale cannot be closed with the bidder who offered the best offer, the Committee will offer the property to subsequent bidders with the best offer, whose proposals are within the established minimum.
4. The Committee will follow a strict order for the new award.

ARTICLE 14.4 – Prohibition

1. The bidder who is successful in an auction and declines his offer will not be able to participate in the next auction held by the CRIM.

2. CRIM debtors will not be able to participate in the bidding procedures.

ARTICLE 14.5 – Right of Redemption

Whoever was the owner on the date of the sale of any real property, which is subsequently sold to another person or to the CRIM for the payment of taxes or any person who on the date of the sale had any right over it, may redeem it within a period of thirty (30) days from the date of issuance of the Purchase Certificate.

This will pay to CRIM, its representative or the buyer, the total amount of the purchase value, plus the improvements and expenses incurred by CRIM and/or the buyer, together with the accrued costs and taxes due until the date of redemption, to which twenty percent (20%) of all the above will be added as compensation to the buyer.

It is understood that you must comply with the provisions of Law No. 107, supra, as amended, regarding the redemption of goods sold for the payment of taxes and the effect of the delivery of the surplus to the taxpayer or refusal of the buyer to accept the pay.

ARTICLE 15 – DEEDS

1. The deeds will be executed by notaries selected by the Buyer and all expenses involved in their preparation and registration will be covered, also by the Buyer.
2. The sale price will be paid by money order, official check or certified check in favor of CRIM.

ARTICLE 16 – REQUEST FOR RECONSIDRATION

1. Any bidder who does not agree with the award of a certain property may request reconsideration of this before the Property Disposition Committee. The filing of the reconsideration request will be submitted no later than ten (10) calendar days from the date indicated by the mail acknowledgment of receipt in the “Notice of Award.” The resolution of the challenge will be carried out as provided in the law.
2. The challenge document will state the grounds on which the bidder bases its challenge, indicating the decision or part of it with which it is not satisfied. Any notification or other document that supports the bidder's claim will be accompanied by the document.

3. **Exhaustion of remedies** –The bidder must exhaust the auction challenge remedies before going to court. The Court will lack jurisdiction if the remedies available in the challenge process are not exhausted.

ARTICLE 17 – JUDICIAL CHALLENGE

1. A party not satisfied with the resolution requesting reconsideration may request a judicial challenge of such determination in accordance with the provisions of Law No. 107, supra.
2. The filing of a judicial challenge request will not suspend the effects of a final CRIM resolution.
3. The decision of the Committee will remain in full force and effect until there is a decision of the Court of First Instance annulling it.

ARTICLE 18 – PENALTIES

ARTICLE 18.1 – Depositary or possessor who has seized assets

Any depositary or possessor of seized property, knowingly, disposes or allows the disposal of said property will be obliged to pay the amount of the value of the property. In addition, he will be obliged to pay a special penalty amounting to fifty percent (50%) of the contribution owed.

On the other hand, if any custodian of seized assets disposes of them without authorization, he or she will incur a serious crime and, if convicted, will be punished with a fine of three thousand (\$3,000 USD) dollars and restitution of the fair market value of said assets. or imprisonment for three (3) years, or both penalties at the discretion of the Court.

ARTICLE 18.2 – Person who hides, destroys and/or disposes of seized assets

If any debtor, or any of his or her family members, refuses to deliver the seized property to the CRIM official or representative or if, after the seizure is made, he or she sells, hides, destroys, transfers, assigns, or in any other way disposes of said property to evade the payment of the taxes, will incur a serious crime and if convicted, will be punished with a fine of three thousand dollars (\$3,000.00 USD) or with imprisonment of up to three (3) years, or both penalties at the discretion of the Court.

ARTICLE 18.3 – Notification of seizure to wrong owner due to change of ownership

If the person who is notified of the seizure, because he appears as the owner of the property in the CRIM records, is not the owner on the date of the notification, he will have the obligation to give written notice

of such circumstance to the CRIM or its representative. , within ten (10) days following the date you received said notification. Failure to do so will result in a fine of two hundred dollars (\$200.00 USD).

ARTICLE 19 – ADMINISTRATIVE FORMS AND ORDERS

ARTICLE 19.1 – Forms

The CRIM will prepare the forms that are necessary for the implementation of this Regulation. Likewise, it will make available the forms to be used in each area, division, office or business of the agency.

ARTYOASSEMBLY 19.2 – Circular Letters and Administrative Orders

The Executive Director will issue the circular letters, administrative orders and approve the internal procedures that are necessary for the implementation of the provisions of that Regulation.

ARTICLE 20 – CAVEAT CLAUSE

The declaration of unconstitutionality or invalidity of any of the Articles or parts of them will not affect the validity of the remaining Articles.

ARTICLE 21 – AMENDMENTS

Any amendment or change to this Regulation must be made in accordance with the provisions of Law No. 107-2020, as amended, better known as the “Municipal Code of Puerto Rico” (21 LPRA sec. 7000 et seq.) and Law No. 38 of June 30, 2017, as amended, known as the “Puerto Rico Uniform Administrative Procedure Act” (LPAU).

ARTICLE 22 – REPEAL CLAUSE

Through this Regulation, Regulation No. 8738, of April 28, 2016, known as Amendment to Regulation No. 8506 for the Collection, Seizure and Disposition of Properties, and any regulation, administrative order, procedures and guides that are in contrast with this.

ARTICLE 23 – VALIDITY

This Regulation will come into force after its filing and promulgation by the Department of State, in accordance with Law No. 38 of June 30, 2017, as amended, known as the “Puerto Rico Uniform Administrative Procedure Act” (LPAU).

Reinaldo Paniagua Látimer
Executive Director

Approved by the Governing Board, Resolution 2023-XX, of Minutes 2023-XX, on July XX, 2023.

Filed in the Department of State on the ____ day of _____, 2023.

