ESTADO LIBRE ASOCIADO DE PUERTO RICO
TRIBUNAL DE PRIMERA INSTANCIA
SALA SUPERIOR DE SAN JUAN

Doral Financial Corporation, Doral Bank, Doral Mortgage LLC, Doral Insurance Agency, Inc., Doral Properties, Inc. Demandantes v. Estado Libre Asociado de Puerto Rico; Departamento de Hacienda; y Hon. Melba Acosta Febo en su capacidad oficial de Secretaria del Departamento de Hacienda Demandados	TRIBUNAL DE PRIMERA INSTANCIA CIVIL NÚM. KAC2014-0533 SOBRE: SENTENCIA DECLARATORIA; VIOLACIÓN DE DERECHOS CONSTITUCIONALES; INCUMPLIMIENTO DE CONTRATO.

SOLICITUD DE SENTENCIA DECLARATORIA

AL HONORABLE TRIBUNAL:

Comparece la Parte Peticionaria de epígrafe, Doral Financial Corporation, Doral Bank, Doral Mortgage, LLC, Doral Insurance Agency, Inc. y Doral Properties, Inc., en adelante Doral, a través de la representación legal que suscribe, y muy respetuosamente expone, alega y solicita:

I. Introducción

1) Doral insta la presente acción para obtener una determinación que involucra importantes derechos constitucionales como la autoridad del Departamento de Hacienda de abrogarse la facultada para declarar "nulo" un acuerdo cuidadosamente acordado con un contribuyente para así evadir la responsabilidad asumida de pagar un reembolso. La acción impugnada no es solo ilegal y sin autoridad, sino que mantenerla eliminará la habilidad del Gobierno de Puerto Rico de negociar futuros acuerdos. Con la declaración de "nulidad" de un acuerdo de 2012, la Administración actual limita dramáticamente su propia

habilidad para entrar en acuerdos con contribuyentes u otras partes.

2) De igual forma, Doral insta la presente acción para prevenir el daño grave en la economía que crearía la pretensión del Departamento de Hacienda de abrogarse la facultad de no cumplir con sus propias obligaciones. El daño ocasionado no solo lesiona a Doral, quien está sufriendo al presente el impacto significativo en su capital y pérdidas de sus bonistas y accionistas, sino que afecta la economía de Puerto Rico y a sus ciudadanos. Si la acción del Departamento se mantiene se perderán inmediatamente más de 1,000 empleos directos en Puerto Rico, los cientos de suplidores de servicios y bienes de Doral sufrirán cuantiosas pérdidas, se sacará del mercado uno de los principales bancos hipotecarios en el mercado de hogares en detrimento de los compradores que verán un incremento en los intereses del mercado, se reducirá la competencia en el mercado de depósitos y sus intereses, se perderán más de $50 millones en pago de nómina y otras contribuciones pagaderas al Gobierno de Puerto Rico, y se limitará el acceso al mercado financiero del Gobierno de Puerto Rico con mayores intereses. Además, los pensionados y otros residentes de Puerto Rico que tienen acciones de Doral o bonos de Doral sufrirán cuantiosas pérdidas a su capital personal.

3) El Departamento de Hacienda arbitrariamente e irrazonablemente ignora sus obligaciones contractuales, las implicaciones financieras y económicas que esto provocará y su obligación bajo el Código de Rentas Internas. Es imprescindible que se asegure la pronta resolución de este importante caso.

4) En el 2006, 2007, 2012 y 2013 Doral Financial Corporation y sus subsidiarias suscribieron una serie de acuerdos con el Departamento de Hacienda para transar una disputa en relación al sobrepago de contribuciones por $155,000,000.

5) En estos acuerdos, conocidos como "*Closing Agreemnts*" o Acuerdos Finales, el Departamento de Hacienda reconoció que Doral tenía derecho a un reembolso por el sobrepago de contribuciones.

6) El Acuerdo Final de 2012 "*recongnize[d]… a tax overpayment… amounting to $229,884,087 as of January 11, 2011*" y requirió del Departamento de Hacienda a pagar un reembolso a Doral en un periodo de 5 años desde su solicitud. El Acuerdo Final de 2012 dispone que "[t]*he matters contained in this Closing Agreement will be final and conclusive, and will not be reopened, annulled, modified, set aside, or disregarded . . . in any lawsuit, action, or administrative proceeding . . . or issuance of any ruling, regulation, order or decree, except in the event of fraud, malfeasance or misrepresentation of material facts …*".

7) El 14 de mayo de 2014, sin identificar ningún evento de fraude o falsedad material, el Departamento de Hacienda intentó reabrir las materias cubiertas en el Acuerdo Final de 2012 sosteniendo que Doral no tiene derecho a un reembolso por el sobrepago de contribuciones. El Departamento de Hacienda informó a Doral que consideraba que el Acuerdo Final de 2012 es "nulo" y, como resultado, no pagaría a Doral ninguna de las cantidades debidas conforme a derecho.

8) El Departamento de Hacienda no tiene autoridad legal para anular el Acuerdo Final de 2012 y es ilícito el daño que le ocasiona a Doral, a sus empleados y a sus accionistas y bonistas. Esta acción violenta los derechos

constitucionales y de permitirse dicho proceder, se trastocarían todas las obligaciones entre el Gobierno de Puerto Rico y entidades privadas. En la presente acción, Doral solicita una sentencia declaratoria que decrete que el Acuerdo Final de 2012 no es "nulo", y por el contrario, es válido y reconoce el derecho de Doral de solicitar el reembolso por la cantidad dispuesta en el contrato de $229,884,087. La carta del Departamento de Hacienda de 14 de mayo de 2014 es una denegación al reembolso debido a Doral por lo que se acude a este Foro.

II. Las Partes

a. Demandantes

9) Doral Financial Corporation es una corporación debidamente organizada y bajo las leyes de Puerto Rico. La dirección postal de dicha entidad es 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico, 00920 y su número de teléfono es (787) 474-6700.

10) Doral Bank es propiedad de Doral Financial Corporation y es una entidad organizada bajo las leyes de Puerto Rico y regulada por la Federal Deposit Insurance Corporation (FDIC). La dirección postal de dicha entidad es 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico, 00920 y su número de teléfono es (787) 474-6700.

11) Doral Mortgage, LLC es una corporación de responsabilidad limitada creada bajo las leyes de Puerto Rico y es subsidiara de Doral Bank. La dirección postal de dicha entidad es 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico, 00920 y su número de teléfono es (787) 474-6700.

12) Doral Insurance Agency, Inc., es una corporación de responsabilidad limitada creada bajo las leyes de Puerto Rico y es subsidiara de Doral Financial Corporation. La dirección postal de dicha entidad es 1451 F.D. Roosevelt

Avenue, San Juan, Puerto Rico, 00920 y su número de teléfono es (787) 474-6700.

13) Doral Properties Inc, es una corporación de responsabilidad limitada creada bajo las leyes de Puerto Rico y es subsidiara de Doral Financial Corporation. La dirección postal de dicha entidad es es 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico, 00920 y su número de teléfono es (787) 474-6700.

b. Demandados

14) El Estado Libre Asociado de Puerto Rico, entidad creada por la Constitución del Estado Libre Asociado de Puerto Rico con capacidad para demandar y ser demandada a quien se emplaza através del Secretario del Departamento de Justicia, Hon. Cesar Miranda Rodríguez. Su dirección postal es P.O. Box 9020192, San Juan, P.R. 00902-0192; dirección física Calle Olimpo, Esq. Axtamayer, Pad. 11, Miramar, San Juan; y su número teléfono es 787-721-2900.

15) El Departamento de Hacienda y a su Secretaria, Hon. Melba Acosta Febo, en su capacidad oficial. Su dirección postal es P.O. Box 9024140, San Juan, P.R. 00902-4140 y su número de teléfono es 787-722-0216.

III. Hechos relevantes

a. Sobrepago de contribuciones por Doral

16) Doral es un conglomerado de instituciones puertorriqueñas que operan en Puerto Rico desde el año 1972.

17) Al presente, Doral es el segundo banco líder en la concesión de préstamos hipotecarios en la isla para la atención adecuada y responsable de compra de vivienda en Puerto Rico.

18) Doral sirve a más de 300,000 clientes en Puerto Rico.

19) Doral cuenta con más de 1,000 empleados en Puerto Rico.

20) En el año 2006, Doral determinó que había sobrepagado

contribuciones por sus ingresos en Puerto Rico en el periodo del 1 de enero de 1998 al 31 de diciembre de 2005. Esto pues, durante este periodo Doral utilizó un mecanismo incorrecto para valorar el renglón denominado como *interest only loans* (IOs). Además, se clasificó de modo incorrecto ciertos financiamientos asegurados por colateral (*secured financings*) como ventas de préstamos hipotecarios residenciales (*mortgage loan sales*).

21) Como resultado, Doral había sobrepagado en calidad de contribuciones entre 1998 y 2005, más de $155,000,000, suma por la cual ha tenido y continúa teniendo el derecho a recibir un reembolso inmediato.

22) Dicho activo y acreencia fue clasificado en los libros financieros de Doral como un *deferred tax asset*.

b. Acuerdo Final de 2006

23) El 26 de septiembre de 2006, Doral y el Departamento de Hacienda (en adelante, las partes) suscribieron un Contrato o Acuerdo Final ("*Closing Agreement*") según autorizado por la Sec. 6126 del Código de Rentas Internas de 1994 (Contrato de 2006).[1]

24) El Contrato de 2006 se pactó en mutuo acuerdo para evitar que Doral enmendara sus planillas para reclamar la devolución de los impuestos sobrepagados de inmediato. En el Contrato de 2006, el Departamento de Hacienda reconoció que Doral había sobrepagado sus impuestos y que, de no ser por la disposición alterna establecida en el Contrato, los sobrepagos tenían que haber sido reembolsados a Doral.

25) En virtud del Contrato de 2006 se evitó el reembolso o erogación inmediata de una cantidad significativa de dinero por el Departamento de Hacienda, más sus intereses, dentro del contexto de la crisis fiscal de momento. En su lugar, Doral aceptó el reconocimiento de un activo intangible que

[1] Anejo 1 de la Demanda.

pudiese amortizar paulatinamente ante su responsabilidad contributiva. A tenor con el Contrato de 2006, las partes acordaron que Doral tendría derecho a amortizar la cantidad de $889,723,361 en un periodo de 15 años.

c. El Acuerdo Final de 2012

26) En atención a los mejores intereses de las partes, el 26 de marzo de 2012, Doral y el Departamento de Hacienda perfeccionaron un nuevo acuerdo (Contrato de 2012), novando extintivamente el Contrato de 2006.[2]

27) Para ese momento histórico, Doral había amortizado $123,443,072 en planillas de contribución sobre ingresos anteriores, quedando un balance para fines de amortización sobre ingresos tributables por la cantidad de $766,280,289. Era evidente que Doral no podría realizar el valor total de su activo contributivo antes de su expiración.

28) Ambas partes tuvieron razones para realizar el Contrato de 2012. Por un lado, era evidente que Doral no podría utilizar el valor total de su activo contributivo y no podría utilizarlo para satisfacer requerimientos de capital. Por otro lado, el Gobierno lograba dar certeza a la proyección de ingresos, se mantenía estable uno de los bancos más importantes de la Isla y se obtenía el compromiso de Doral de participar en programas sociales. El Contrato de 2012 atendía esos intereses de ambas partes.

29) Al igual que en el Contrato de 2006, las partes en el Contrato de 2012, una vez más, reconocieron que Doral había sobrepagado sus contribuciones y que tenía derecho al reembolso de las cantidades sobrepagadas.

30) El Contrato de 2012 dejó sin efecto la amortización sobre ingresos tributables adicional por la cantidad de $766,280,289.

31) En el Contrato de 2012 se acordó y estableció

[2] Anejo 2 de la Demanda.

voluntariamente por las partes que Doral tenía derecho a un reembolso de $229,884,087 luego de tomar en consideración la fórmula contributiva más beneficiosa para el Departamento de Hacienda. Dicha cantidad es el resultado de la aplicación de la contribución mínima posible a pagar por el balance amortizable de $766,280,289 (30% en lugar de 39%, según dispone el Código de Rentas Internas de 1994 aplicable a los años en cuestión). La amortización de la cantidad total en balance al 39% hubiera significado una merma en los ingresos del Departamento de Hacienda por $261,231,917, más intereses. En efecto, el acuerdo de aplicar el 30% resultaba en un ahorro al Departamento de Hacienda de más de $30,000,000.

32) En el Contrato de 2012 se atendieron un conjunto de intereses públicos apremiantes, incluso la necesidad de mantener capitalizado el sistema bancario en beneficio de la economía y el público en general. En esa medular perspectiva, Doral se comprometió con la ampliación de ciertos programas sociales de preservación de hogares y de desarrollo comercial por la considerable suma de $70,000,000. De ese modo, como resultad de las acciones de Doral, una pluralidad de puertorriqueños preservaron la titularidad sobre sus hogares y se impulsó la actividad económica comercial.

33) Cabe destacar que las partes acordaron que el Contrato de 2012 era final y concluyente, salvo se demostrare fraude, engaño o falseamiento.[3]

34) En el Contrato de 2012 se estableció una cláusula que requiere al Departamento de Hacienda pagar la cantidad adeudada en 5 años una vez Doral reclamara el pago y con el beneficio del Departamento de no tener que pagar intereses desde la consumación del contrato en cuestión.

[3] Véase, Sec. 6051.07 del Código de Rentas Internas de 2011. 13 L.P.R.A. sec. 33207.

35) Doral ha confiado y dependido del Contrato de 2012 para mantener la viabilidad y estabilidad de sus operaciones bancarias en Puerto Rico.

d. El Acurdo Final de 2013

36) El 30 de diciembre de 2013, Doral y el Departamento de Hacienda, bajo la incumbencia de la Hon. Melba Acosta Febo, consumaron otro Acuerdo Final *(Closing Agreement)* que reconoce que Doral había sobrepagado contribuciones y que existen otros contratos válidos como el de 2012. Este acuerdo no alteró ni dejó sin efecto el Contrato de 2012 a causa de que se atendían sobre pagos de contribuciones no cubiertas por el Contrato de 2012.[4]

e. Repudio del Departamento de Hacienda del Contrato de 2012

37) El 15 de abril de 2014, el Departamento de Hacienda por conducto de su Secretaria, Hon. Melba Acosta Febo, le informó por escrito a Doral que el Estado Libre Asociado no recibió beneficio alguno del Contrato de 2012 y le concedió un término de 10 días a Doral para justificar el mismo.[5] Esto, a pesar del hecho de que el Contrato de 2012 es final y concluyente que impide la disputa de hechos resueltos de forma final en el acuerdo.

38) El 23 de abril de 2014, Doral envió una carta al Departamento de Hacienda en virtud de la cual identificó y evidenció la cantidad sobrepagada, y que dio lugar a la consumación del Contrato de 2006.[6]

39) A causa de lo antes expuesto, el 9 de mayo de 2014, Doral reclamó su derecho contractual de exigir el pago de la cantidad estipulada en el Contrato de 2012.

40) No obstante, el 14 de mayo de 2014, el Departamento de Hacienda le notificó a Doral que el Departamento había

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[4] Anejo 3 de la Demanda.
[5] Anejo 4 de la Demanda.
[6] Anejo 5 de la Demanda.

declarado el Contrato de 2012 "nulo" por alegadamente ser una "simulación o artificio ilícito" y que las cantidades reclamadas estaban prescritas.[7] A pesar de no tratarse de un proceso de deficiencia contributiva, el Departamento de Hacienda le notificó "el derecho" de Doral a solicitar la designación de un oficial examinador para dar comienzo a un proceso administrativo. Es menester señalar que la abrogación unilateral, *ultra vires*, inconstitucional y arbitraria del Departamento de Hacienda de decretar nulo (autoridad reservada a los organismos judiciales) un contrato válido, final y concluyente no es materia susceptible del proceso administrativo aplicable a deficiencias contributivas.

41) La actuación inconstitucional del Departamento de Hacienda de unilateralmente abrogarse un poder no delegado de decretar nulo un contrato válido, final y concluyente entre las partes ha causado daños inmediatos e irreparables a Doral que requieren la intervención inmediata de este Tribunal. Veamos:

a. El 30 de mayo de 2014, el Banco de la Reserva Federal de New York (Federal Reserve Bank of New York) determinó que Doral Financial debe clasificar el activo contributivo del Contrato de 2012 con el Gobierno de Puerto Rico como pérdida en los libros de la compañía.[8]

b. De conformidad con legislación aplicable, Doral notificó la determinación del Departamento de Hacienda y del Banco de la Reserva Federal de New York al *Securities and Exchange Commission* (SEC).

c. Como institución prudente, Doral había anunciado públicamente que estaba llevando a cabo transacciones estratégicas encaminadas a fortalecer su base de

[7] Anejo 6 de la Demanda.
[8] Anejo 7 de la Demanda.

capital, incluyendo la venta de ciertos activos y negocios comerciales. Además, inició cambios en su estructura de capital. El Departamento de Hacienda, intencionalmente, ha causado daños graves e irreparables en torno a la capacidad de Doral de rehabilitarse para el beneficio de sus accionistas, depositantes, empleados, el sistema bancario local y el bienestar general de Puerto Rico.

d. Doral ha sufrido daños sustanciales a su reputación e imagen comercial. En su consecuencia, se ha visto limitada la habilidad de Doral para competir en el mercado relevante. Las diseminaciones de información adversa ha provocado el inicio de investigaciones legislativas contra Doral, así como la proliferación de demandas contra Doral, sus directores y oficiales.

42) Medios noticiosos han reportado que la actuación ilegal del Departamento de Hacienda de repudiar el Contrato de 2012 causará la pérdida de confianza de los inversionistas sobre el estado de derecho en Puerto Rico y la gobernanza de la Ley.[9]

43) El Departamento de Hacienda a través de su Secretaria, Hon. Melba Acosta Febo, ha revelado de forma ilegal, intencional y reiterada al público información contributiva de Doral en contravención a la Carta de Derechos del Contribuyente.

44) La actuación inconstitucional del Departamento de Hacienda de anular el Contrato de 2012 es *ultra vires*, intencional, contraria a la ley entre las partes, y una violación a las cláusulas de debido proceso de ley y protección contra el menoscabo de obligaciones contractuales. Los demandados

[9] *See, e.g.*, Arturo C. Porzecanski, Puerto Rico: Is This Any Way To Run An Island?, TheHill.com (May 29, 2014) http://thehill.com/blogs/congress-blog/economy-budget/207436-puerto-rico-is-this-any-way-to-run-an-island; Joanisable González, Puerto Rico Pierde Credibilidad Ante Inversores, ElNuevodia.com (May 28, 2014) http://www.elnuevodia.com/puertoricopierdecredibilidadanteinversores-1781458.html.

insólita y sorpresivamente se abrogaron un poder no delegado de decretar nulo un Acuerdo Final (*Closing Agreement*) que es concluyente a tenor con la Sección 6051.07 del Código de Rentas Internas. La declaración de nulidad de un contrato final y concluyente es una actuación *ultra vires* e inconstitucional cuya adjudicación le pertenece, de modo exclusivo, a los organismos judiciales. Procede dictar sentencia declaratoria a favor de Doral para reconocer la validez de la obligación contractual contraída entre las partes.

45) De conformidad con la Regla 59.1 de Procedimiento Civil de 2009, procede dictar una sentencia declaratoria para facultar al tribunal a "declarar derechos, estados y otras relaciones jurídicas aunque se inste o pueda instarse otro remedio". 32 L.P.R.A. Ap. V. En ese sentido, la Sentencia declaratoria es el mecanismo adecuado para resolver la controversia entre las partes sobre la validez del Contrato de 2012. *Id.* Hernández Pérez v. Halvorsen, 176 D.P.R. 344 (2009). Igual facultad concede la Ley Núm. 232 de 10 de mayo de 1949, según enmendada, y la Ley Núm. 238 de 13 de mayo de 1949.[10]

46) La carta del Departamento de Hacienda de 14 de mayo de 2014 es una denegación a reembolsar lo debido de conformidad con lo dispuesto en la Ley Núm. 232, *supra*, y Ley Núm. 238, *supra*.

IV. Súplica

Por los fundamentos antes expuestos, muy respetuosamente, se solicita de este Honorable Tribunal que declare la validez del *Closing Agreement* de 26 de marzo de 2012 y acuerdos incidentales; ordene a la Parte Demandada al pago de honorarios

[10] 13 L.P.R.A. secs. 261 y 286, respectivamente.

de abogados y costas a favor de Doral; y cualquier otro derecho que proceda en derecho.

Respetuosamente Sometido.

En San Juan, Puerto Rico, a 5 de junio de 2014.

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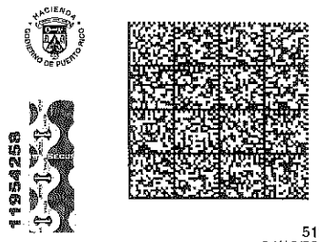
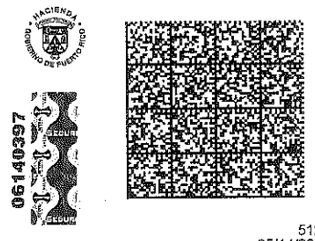
Los abogados Theodore B. Olson y Matthew D. McGill de Gibson, Dunn & Crutcher LLP y Charles A. Patrizia y Timothy L. Dickinson de Paul Hastings, LLP solicitarán al Tribunal Supremo Admisión por Cortesía para el presente caso.





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JURAMENTO

Yo, David Daniel Lugo Hernández, mayor de edad, casado, Senior VP CFO de Operaciones de Doral en Puerto Rico y residente en Guaynabo, Puerto Rico, bajo juramento declaro:

1) Que mi nombre y demás circunstancias personales son las anteriores mencionadas.

2) Que la Demanda de epígrafe contiene alegaciones autorizadas por Doral y las cuales conozco.

Y para que así conste, juro y suscribo el presente juramento en San Juan, Puerto Rico, a 4 de junio de 2013.

David Daniel Lugo Hernández

Affidávit Núm. 1,381

Jurado y suscrito ante mí por David Daniel Lugo Hernández, de las circunstancias antes descritas e identificada mediante su licencia de conducir número 4256422.

En San Juan, Puerto Rico, a 4 de junio de 2013.

Notario Público

LYNN M. CAREY FELIX
NOTARIO PUBLICO
ABOGADA

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52162-2014-0505-56054872

Anejo 1

CLOSING AGREEMENT PURSUANT TO THE PUERTO RICO INTERNAL REVENUE CODE OF 1994, AS AMENDED

THIS CLOSING AGREEMENT, made in quadruplicate, is entered into and pursuant to Section 6126 of the Puerto Rico Internal Revenue Code of 1994, as amended (the "PR Code").

APPEAR

OF THE FIRST PART: **HONORABLE JUAN C. MÉNDEZ TORRES**, in his capacity as Secretary of the Treasury of the Commonwealth of Puerto Rico, represented herein by Carlos E. Serrano, Esq., Assistant Secretary for Internal Revenue (the "Secretary"); and

OF THE SECOND PART: **DORAL FINANCIAL CORPORATION**, employer identification number 66-0312162, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DFC"), represented herein by CPA Lidio Soriano, DFC's Chief Financial Officer.

WITNESSETH

The parties state that, in accordance with the provisions of the PR Code, they have full legal capacity to enter into this Closing Agreement and they further state as follows

REPRESENTATIONS

WHEREAS, the party of the Second Part has made the following representations:

A. DFC operates as a financial holding company for various entities (together "DFC Group") engaged in mortgage banking, banking, insurance agency, and broker-dealer activities. DFC maintains its books under the accrual method of accounting on the basis of a calendar year.

B. DFC either sells or securitizes substantially all of the residential mortgage loans it produces, but retains the related servicing rights. These servicing rights entitle DFC to a future stream of cash flows based on the outstanding principal balance of the mortgage loans and the contractual servicing fee. These cash flows represent contractually specified servicing fees, late charges, and/or other ancillary sources, all of which DFC is entitled to receive only if it performs the servicing and incurs the costs of servicing the assets.

C. Servicing of mortgage loans commonly includes, but is not limited to, collecting principal, interest, and escrow payments from borrowers; paying taxes and insurance from escrow funds; monitoring delinquencies; executing foreclosure if necessary; temporarily investing funds pending distribution; remitting fees to guarantors, trustees, and others providing services; and accounting for and remitting principal and interest payments to the holders of beneficial interests in the financial assets.

D. For book purposes, once materialized upon securitization or sale of the loans, the accounting for servicing rights and excess servicing is regulated by Statement of Financial Accounting Standard No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – A replacement of FASB Statement 125" ("FAS 140") and EITF 99-20. Pursuant to FAS 140, DFC must recognize as interest-only strips ("IOs"), an asset amounting to the present value of interest cash flows to be received in excess of the servicing fees and the yield paid to the institutional purchaser of such loans which are realized over time through the receipt of these "excess" interest cash flows (hence the label of "excess servicing"). The fair value of IOs is generally determined based on market prices provided by dealers and external and internal valuation models.

E. For tax purposes, however, DFC has recognized income from the excess servicing cash flows as earned through the passage of time, i.e., during the average life of the mortgage loan, consistent with the provisions of EITF 99-20; not immediately upon the sale or

securitization of the mortgage loan. Thus, for regular income tax purposes, DFC has consistently treated income from IOs under the "all events test" provided for in Regulation 1043-1 issued pursuant to the PR Code.

F. During 2003, the PR Treasury Department performed tax audits of the tax returns for years 1997 through 2002 for DFC, Doral Mortgage Corporation ("DMC") and Doral Bank ("DB"). After such examination, and after agreeing to a total payment of $4,448,079 (including interest and $1,609,091 in AMT credits), DFC, DMC and DB entered into a closing agreement with the PRTD on July 30, 2003 whereby the taxable years 1997 through 2002 were closed from further tax audits (the "2003 Closing Agreement").

G. On December 9th 2004, DFC and the Secretary entered into a Closing Agreement (the "First Agreement") covering a sale of IOs within the DFC Group. The First Agreement stipulated that IOs represent contractual rights to receive some or all of the interest due on certain mortgage loans, and a debt obligation from DFC borrowers, and that such instruments are collateralized with real property located in Puerto Rico. The First Agreement further stipulated that the IOs are considered property located in Puerto Rico within the meaning of subsection (e) of Section 1014 of the PR Code as in effect as of the date of the First Agreement since they represent a debt obligation collateralized with real property located in Puerto Rico. Based on that agreement, DFC sold within the DFC Group most of its IOs held for more than six (6) months as of the date of the First Agreement realizing a long-term capital gain of $536,616,626.

H. On April 19th 2005, DFC announced that, after consulting with various financial institutions and other firms with experience in valuation issues, it determined that it was appropriate to correct the methodology used to calculate the fair value of its portfolio of IOs. In such announcement, DFC's preliminary estimate was that this correction would result in a decrease in the fair value of its IOs of between $400 million to $600 million as of December 31, 2004. Subsequently, on May 25th 2005, DFC reported that the preliminary estimate of the decrease in the fair value of the IOs would be closer to $600 million. The required adjustment cannot be taken as a charge in current period earnings, but instead it will have to be reflected in those periods during which the origination of IOs had a material impact on the DFC's financial statements.

I. Based on the issues presented on paragraph H. above, DFC's management concluded that the previously filed interim and audited financial statements for the periods from January 1, 2000 through December 31, 2004, could be materially affected and, therefore, should no longer be relied on and that the financial statements for some or all of the periods included therein should be restated (the "Restatement").

J. On June 29, 2005, DFC and the Secretary entered into another Closing Agreement (the "Second Agreement"). The Second Agreement contemplated a second sale of IOs within the DFC Group ("Second IO Sale") and the effect of the Restatement. With respect to the Second IO Sale, and as agreed in the First Agreement, it was stipulated again that: (i) the IOs represent contractual rights to receive some or all of the interest due on certain mortgage loans, and a debt obligation from DFC borrowers; (ii) that such instruments are collateralized with real property located in Puerto Rico; and (iii) that the IOs are considered property located in Puerto Rico as in effect as of the date of the Second Agreement within the meaning of subsection (e) of Section 1014 of the PR Code since they represent a debt obligation collateralized with real property located in Puerto Rico.

K. With respect to the Restatement, the Second Agreement stipulated various items. First, it was stipulated that the Restatement would result in a substantial reduction of DFC's Net Adjusted Income per Books as defined by Section 1018(b) of the PR Code for all periods covered by the Restatement. Second, it was agreed that, if amended returns were presented for the periods covered by the Restatement, the most likely scenario is that DFC would not owe Alternative Minimum Tax ("AMT"), as determined by Section 1017 of the PR Code, for the years covered by the Restatement, so that the amounts paid on account of AMT during the periods covered by the Restatement would be deemed regular tax payments. This agreement had the effect of recharacterizing DFC's $13,907,586 balance of AMT credits available as of December 31, 2004 (the "AMT Credit") to regular tax overpayments available for use in taxable year 2005 and future taxable years against any income tax liability as provided in the PR Code. Third, it was stipulated that the Restatement would not have an effect on the

DETERMINATIONS AND AGREEMENTS of the First Agreement, except as specifically stated in the Second Agreement. Fourth, it was clarified that, for purposes of Section 1114(a) of the PR Code, and for all other sections of the PR Code where the determination of basis and adjusted basis is relevant, the basis of the IO's acquired by the member of the DFC Group in the First Agreement and in the Second Agreement would be equal to its cost. It was clarified that the IO's cost, for purposes of such determination, would equal the amount of gain recognized in the First Agreement and in the Second Agreement as "IO's Gain" and for which Commonwealth of Puerto Rico income taxes were paid under both agreements. Finally, it was clarified that any transfers of the IO's required by regulatory agencies or for other reasons between members of the DFC Group would not have an effect on the First or the Second Agreement. In the event of any such transfers of the IOs between members of the DFC Group, whether or not required by regulatory agencies or for other reasons, the transferee's basis of the IOs in such a transfer would equal the acquisition price stipulated in the First and in the Second Agreement minus any amortization recognized by the transferor from the time of the original sale until the transfer date.

L. On December 15th 2005, an update to the Restatement was announced when DFC stated that, after receiving information from an independent investigation, its Audit Committee decided to record certain mortgage sales transactions with various local financial institutions as loans payable secured by mortgage loans and to reverse the gains previously recognized with respect to such sales. This determination was made because it was likely that at the time of the transactions there were oral agreements or understandings between former members of DFC's management and these local financial institutions providing recourse beyond the limit established in the written contracts.

DFC's Audit Committee also decided to reverse a number of transactions involving the generally contemporaneous purchase of mortgage loans from local financial institutions where the amounts purchased, and other terms of the transactions, were similar. DFC's Audit Committee determined that there was insufficient contemporaneous documentation regarding the business purpose for these transactions in light of the timing and similarity of the purchase and sale amounts and other terms of the transactions.

M. The net effect of the Restatement and the mortgage loan sales transactions resulted in a substantial reduction of DFC's Net Adjusted Income per Books as defined by Section 1018(b) of the PR Code for all periods covered by the Restatement.

N. On February 17, 2006, DFC and the Secretary entered into a third Closing Agreement (the "Third Agreement"). The Third Agreement stipulated various items. First, the Third Agreement stipulated that the re-characterization for accounting purposes of the mortgage loan transactions from sales to loans payable secured by mortgage loans, and those re-characterized from purchases to commercial loans receivable, would not affect the transactions covered in the First and Second Agreements, and similar transactions during the period covered by the Restatement. Second, it was agreed that the Restatement and its recent update would not have an effect in the DETERMINATIONS AND AGREEMENTS of the 2003 Closing Agreement. Thus, the taxable years 1997 through 2002 for DFC, DMC, and DB continue to be closed from further tax audits. It was further agreed that DFC, DMC, and DB will not claim a refund for any of the income taxes paid under the 2003 Closing Agreement or with their respective corporation income tax returns filed for 2000, 2001, and 2002, i.e., the years covered by the Restatement and by said 2003 Closing Agreement. Third, it was recognized that the amount of tax paid by DFC in connection with the IO's Gain in each of the First and the Second Agreement was **$33,538,539** and **$2,494,032**, respectively. For purposes of the Alternative Minimum Tax computed under PR Code Section 1017 for the taxable year in which the IO's Gain was or will be recognized, it was agreed that the foregoing tax paid would be considered a "Regular Tax for the Taxable Year" as this term is defined under PR Code Section 1017(d). It was agreed that DFC would not claim a refund for these income taxes paid. Fourth, it was agreed that the Restatement, and its recent update, would not have an effect on the DETERMINATIONS AND AGREEMENTS of the First and the Second Agreements, except for the fact that DFC's balance of AMT credits not utilized to offset the IO's Gain of the First Agreement totaling $13,907,586 would be re-characterized as a Regular Tax overpayment available for use in taxable year 2005 and future taxable years against any income tax liability as provided in the PR Code. It was further agreed that DFC would not claim a refund for these income taxes paid, further described below in this paragraph. Fifth, for purposes of Section 1114(a) of the PR Code, and for all other sections of the PR Code where the determination of

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basis and adjusted basis is relevant, it was agreed that the basis of the IOs acquired by the member of the DFC Group (in the First and in the Second Agreement, and in similar transactions during the period covered by the Restatement) would be equal to its cost. For such purposes then, it was agreed that the IO's cost shall be equal to: (a) the amount of gain recognized in the First and in the Second Agreements as "IO's Gain" and for which Commonwealth of Puerto Rico income taxes were paid under the First and the Second Agreements, and (b), for similar transactions during the period covered by the Restatement, the gain recognized on such transaction by the transferor in its respective Puerto Rico Corporation Income Tax returns. Sixth, it was agreed that any transfers of the IOs required by regulatory agencies or any other reason between members of the DFC Group would not have an effect on the First or the Second Agreement and, that in such transfers, the transferee's basis in the IOs would equal its adjusted cost. Such adjusted cost would equal the amounts stipulated in the First Agreement, in the Second Agreement, and/or in the sale and purchase agreements for similar sales during the period covered by the Restatement, as applicable, minus any amortization recognized by the transferor from the time of the original sale until the transfer date. Finally, it was agreed that the Puerto Rico Corporation Income Tax returns previously filed for the years covered by the Restatement would not be amended, and do not need to be amended to validate what was agreed to in the Third Agreement.

WHEREAS, the IOs represent the value of the right to service mortgage loans and excess yield fees and as such is a depreciable intangible asset subject to a reasonable amortization allowance under Section 1023(k) of the PR Code. See, Western Mortgage Corp. v. U.S., 308 F. Supp. 333 (1969); and Field Service Advice 1999-218.

WHEREAS, the member of the DFC Group that acquired the IOs has consistently amortized for books and tax purposes the IOs basis starting from the time of the original sale and, at December 31, 2004, the net adjusted tax basis of the IOs pursuant to such amortization method and to the provisions of the First, Second and Third Agreements is $889,723,361 determined as follows: $536,616,626 from the First Agreement; $39,904,514 from the Second Agreement; and $313,202,221 from similar transactions during the period covered by the Restatement mentioned in the Third Agreement.

WHEREAS, inasmuch as the determinations of the First, Second and Third Agreements have been agreed upon notwithstanding the effects from the Restatement, the adjusted tax basis assigned to what was on the onset an IO is now a tax asset independent from the mortgage pools that originally created them subject to a reasonable amortization allowance which can no longer be based on the average life span of the mortgage loans.

DETERMINATIONS AND AGREEMENTS

NOW, THEREFORE, it is hereby determined and agreed based on the representations made above, which are considered material facts, for Puerto Rico income tax purposes as follows:

1. The Restatement and its recent update will not have an effect in the DETERMINATIONS AND AGREEMENTS of the 2003 Closing Agreement. Thus, the taxable years 1997 through 2002 for DFC, DMC, and DB continue to be closed from further tax audits. It is agreed that DFC, DMC, and DB will not claim a refund for any of the income taxes paid under the 2003 Closing Agreement or with their respective corporation income tax returns filed for 2000, 2001, and 2002, i.e., the years covered by the Restatement and by said 2003 Closing Agreement;

2. The Restatement, and its recent update, will have no effect on the DETERMINATIONS AND AGREEMENTS of the First, Second and Third Agreements. Accordingly, the Secretary recognizes that for purposes of Section 1114(a) of the PR Code, and for all other sections of the PR Code where the determination of basis and adjusted basis is relevant, the basis of the IOs acquired by the member of the DFC Group in the First and in the Second Agreement, and in similar transactions during the period covered by the Restatement, will be equal to its cost. For such purposes, the IOs cost shall be equal to the sum of: (a) the amount of gain recognized in the First and in the Second Agreement as "IO's Gain" and for which Commonwealth of Puerto Rico income taxes were paid under the First and the Second Agreement, and (b) for similar transactions carried out during the period covered by the

Restatement, the gain recognized on such transaction by the transferor in its respective Puerto Rico Corporation Income Tax returns;

3. The balance of the AMT credits not utilized to offset the IO's Gain of the First Agreement, totaling $13,907,586 as computed in **Exhibit C** of the First Agreement, shall be re-characterized as a **Regular Tax** overpayment available for use in taxable year 2005 and future taxable years against any income tax liability as provided in the PR Code. It is agreed that DFC will not claim a refund for these income taxes paid;

4. The IO is a stand-alone asset independent from the mortgage pools that originally created it, and subject to a straight-line amortization allowance based on a useful life of 15 years pursuant to Section 1023(k) of the PR Code. Such 15-year amortization period will start on January 1, 2005 on the IO's adjusted tax basis which on such date equals $889,723,361;

5. Since as a result of the Restatement and the reversal of the mortgage loan sales transactions referred to above, the book value of the IOs is minimal, if any, the adjusted tax basis of the IOs may no longer be attributed to, or apportioned among, any of the entities forming part of the DFC Group. Therefore, such adjusted tax basis of the IOs represents a depreciable tax asset to the DFC Group as a whole and the entities forming part of the DFC Group are entitled to apportion the IO's amortization deduction allowed to be claimed under Determination Number 4 above for each year starting on January 1, 2005 among them in the manner that they may elect upon filing their respective Puerto Rico income tax returns for each year. Each entity forming part of the DFC Group shall attach a statement to the Puerto Rico income tax return filed for each year disclosing the total amount of the amortization deduction allowed under Determination Number 4 above to the DFC Group and the portion of such total amount that is to be apportioned to each entity of the DFC Group for such year. The amount apportioned to each entity of the DFC Group in the above manner shall be allowed to be claimed as a deduction by such entity for purposes of determining its taxable income for said year.

6. As a stand-alone asset, the adjusted tax basis of the IOs will not be affected by the sale by the DFC Group, in whole or in part, of the mortgage loans which originally gave rise to the IOs, including the sale or transfer of the servicing rights over such mortgage loans. Such sale of the mortgage loans and servicing rights will not have an effect on the DETERMINATIONS AND AGREEMENTS of the First, the Second or the Third Agreements; and

7. Pursuant to Section 6126 of the PR Code, this Closing Agreement, as executed, shall be final and conclusive except for fraud, deceive or misrepresentation of a material fact, and shall not be reopened for any matter, review or modified by any officer of the Commonwealth of Puerto Rico, and shall not be annulled, modified, set aside or disregarded in any suit, action or procedure.

IN WITNESS WHEREOF, the parties hereto have subscribed and executed these presents at San Juan, Puerto Rico, this 26th day of September of 2006.

SECRETARY OF THE TREASURY
OF PUERTO RICO

By: _____

Carlos E. Serrano, Esq.
Assistant Secretary for Internal Revenue

DORAL FINANCIAL CORPORATION

By: _____

CPA Lidio Soriano
Chief Financial Officer

Anejo 2

CLOSING AGREEMENT

THIS CLOSING AGREEMENT, made in duplicate, is entered into pursuant to Sections 6051.07 and 6091.06 of the Puerto Rico Internal Revenue Code of 2011 (hereinafter the "PR Code") and Section 6126 of the Puerto Rico Internal Revenue Code of 1994, as amended (hereinafter the "1994 Code").

APPEAR

Honorable Jesús F. Méndez Rodríguez, in his capacity as Secretary of the Puerto Rico Department of the Treasury, represented herein by Blanca A. Alvarez Ramírez, CPA, Esq., Undersecretary of the Treasury (the "Secretary");

DORAL FINANCIAL CORPORATION, employer identification number 66-0312162, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DFC"), represented herein by Glen Wakeman in his capacity as President and Chief Executive Officer;

DORAL BANK, employer identification number 66-0387312, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DB"), represented herein by Glen Wakeman in his capacity as President and Chief Executive Officer;

DORAL MORTGAGE LLC, employer identification number 66-0365296, a limited liability company duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DMC"), represented herein by Glen Wakeman in his capacity as President and Chief Executive Officer;

DORAL INSURANCE AGENCY, INC., employer identification number 66-0581930, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DIA"), represented herein by Glen Wakeman in his capacity as President and Chief Executive Officer; and

DORAL PROPERTIES, INC., employer identification number 66-0572283, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DP" and, together with DFC, DB, DMC and DIA, hereinafter referred to as the "DFC Group"), represented herein by Glen Wakeman in his capacity as President and Chief Executive Officer.

WITNESSETH

WHEREAS, Section 6091.06(a)(1) of the PR Code provides that closing agreements to be executed by the Secretary after December 31, 2010 in connection to issues related to taxable years that commenced before January 1, 2011 or taxable events, or transfer of property that occurred before January 1, 2011, shall be governed by the provisions of the 1994 Code.

WHEREAS, Section 6091.06(a)(2) of the PR Code provides that closing agreements to be executed by the Secretary after December 31, 2010 in connection to issues related to taxable years that commence after December 31, 2010 or taxable events, or transfer of property that occur after December 31, 2010, shall be governed by the provisions of the PR Code.

WHEREAS, the appearing parties state and guarantee to each other that, in accordance with the provisions of both the PR Code and the 1994 Code, they each have full legal capacity and authority to enter into this Closing Agreement, and they further state as follows:

REPRESENTATIONS

WHEREAS, the DFC Group has made the following representations:

A. The DFC Group is engaged in mortgage banking, banking, insurance, and investment activities. The entities of the DFC Group maintain their books and records under the accrual method of accounting, on the basis of a calendar year. The DFC Group's principal offices are located at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico.

B. DFC initially owned an interest only strip ("IOs") asset which was developed from a series of transactions in which DFC sold or securitized substantially all of the residential mortgage loans it produced, but retained the servicing rights and a portion of the interest income. These servicing rights and interest income entitled DFC to a future stream of cash flow based on the outstanding principal balance of the mortgage loans, the contractual servicing fee and interest spread. For accounting purposes, DFC recognized the IOs as an asset equal to the present value of interest cash flows to be received in excess of the servicing fees and the yield paid to the institutional purchaser of such loans which were realized over time through the receipt of these "excess" interest cash flows (hence the label of excess servicing). The fair value of the IOs was generally determined based on market prices provided by dealers and external and internal valuation models.

C. For income tax purposes, DFC recognized income from the excess servicing flows as earned through the passage of time, *i.e.*, during the life of the mortgage loan, consistent with the provisions of EITF 99-20; not immediately upon the sale or securitization of the mortgage.

D. Through several transactions, and pursuant to a closing agreement entered into with the Secretary on December 9, 2004, as reiterated and supplemented by closing agreements entered into with the Secretary on June 29, 2005, February 17, 2006 and September 26, 2006, DFC sold several of its IOs held for more than six months realizing a long term capital gain.

E. On December 15, 2005, DFC announced that its Audit Committee had decided to restate its financial statements for the periods from January 1, 2000 through December 31, 2004 to record certain mortgage sales transactions with various local financial institutions as loans payable secured by mortgage loans and to reverse the gains previously recognized with respect to such sales. The net effect of reversing the IOs and the mortgage loan sales resulted in a substantial reduction of DFC's income for book purposes, which would have resulted in a concomitant reduction in its income tax liabilities during the tax years covered by the restatement, which amounted to over $152 million, plus interest thereon.

F. Pursuant to the closing agreement entered into by DFC and the Secretary on September 26, 2006 and the prior closing agreements cited therein, the IOs were recognized as a stand-alone asset independent from the mortgage pools that originally created it, subject to a straight-line amortization allowance based on a useful life of 15 years pursuant to Section 1023(k) of the 1994 Code. The agreement further provides that:

1. A 15-year amortization would start on January 1, 2005 of the IOs adjusted tax basis, which on such date equaled $889,723,361;

2. Since the book value of the IOs asset was minimal and could not be attributed to any of the entities within the DFC Group, the DFC Group could apportion the amortization deduction among the DFC Group in the manner in which they elect upon the filing of their respective income tax returns;

3. As a stand-alone asset, the adjusted basis of the IOs would not be affected by a sale by the DFC Group of the mortgage loans which originally created the IOs, including the sale or transfer of the servicing rights over such mortgage loans; and

4. The recharacterization for accounting purposes of the mortgage loan transactions, resulting in the reversal of the IOs and mortgage loan sales, would have no effect on the sale of the IOs within the DFC group as described and covered in the closing agreements entered into on December 9, 2004, June 29, 2005 and February 17, 2006.

G. On September 7, 2009, DFC Group and the Secretary entered into another closing agreement, in which the Secretary agreed to grant a two year moratorium on the 15 year amortization period beginning January 1, 2009 and ending on December 31, 2010. The moratorium effectively suspended the amortization available to the DFC Group from January 1, 2009 through December 31, 2010. After the agreed moratorium period, the amortization of the IOs will re-start on January 1, 2011 for its remaining useful life, *i.e.*, 11 years, under the same terms and conditions as those outlined in the previous Closing Agreements reached with the Secretary, and the IOs adjusted tax basis at January 1, 2011 will equal the IOs adjusted tax basis as of December 31, 2008.

H. The DFC Group amortized $123,443,072 of IO adjusted tax basis in its returns for the taxable years 2005, 2006, 2007 and 2008, leaving a balance of unamortized IO adjusted tax basis as of January 1, 2009 and, hence, January 1, 2011, of $766,280,289.

WHEREAS, the substantial reduction of DFC's income tax liabilities referred to in representation paragraph E. above would have resulted in income tax overpayments for such years, for which DFC would have been entitled to an income tax refund, including interest.

WHEREAS, the closing agreements entered into by the DFC Group with the Treasury Department allowed DFC to recover such overpayments in the form of future reductions to taxable income, in lieu of amending the affected returns and seeking repayment of said overpayments, plus interest thereon.

WHEREAS, at the 39% maximum marginal tax rate then in effect, the nominal value of such future reduction in taxable income was $346,992,111, of which $298,849,312 remained as of January 1, 2011.

WHEREAS, the nominal value of the current balance of unamortized IO adjusted tax basis at present will depend upon whether the DFC Group files their income tax returns under the PR Code (which would result in a nominal value of $229,884,087, at the maximum marginal corporate tax rate presently in effect of 30%), or opt, instead, to determine their tax and file their returns under the 1994 Code for taxable years 2011 through 2015, as allowed by Section 1022.06 of the PR Code (which would result in a nominal tax value of $261,231,917, again at the applicable maximum marginal corporate tax rates).

WHEREAS, the United States' economy has recently suffered a severe economic recession, prompting the U.S. government, U.S. Federal Reverse, U.S. Treasury and other governmental regulatory bodies to take action to help stabilize the U.S. financial markets.

WHEREAS, Puerto Rico's economy has been subject to an even longer period of economic recession, thus negatively affecting the people of Puerto Rico, the banking and financial industry, among others.

WHEREAS, DFC Group, in order to provide economic stability and stimulus to the struggling economy and the people of Puerto Rico, instituted a Home Preservation Program allowing certain Puerto Rican families, who are clients of the DFC Group and diligent on their mortgage loans, to restructure their existing loans to remain in their homes, often at a significant cost to the DFC Group.

WHEREAS, DFC Group wishes to continue and expand its current Home Preservation Program to provide further economic stimulus to the economy and the people of Puerto Rico, however, the new banking regulations, *i.e.*, the Dodd-Frank Wall Street Reform and Consumer Protection Act, make the continuance and expansion of this Program difficult without DFC Group generating additional capital.

WHEREAS, DFC Group further wishes to participate in the Puerto Rico Development Fund Loan Guaranty Program established by the Government Development Bank for Puerto Rico (GDB) to provide further economic stimulus to the economy and the people of Puerto Rico, for which additional capital is also required.

WHEREAS, it is in the Puerto Rico government's best interest and consistent with the public policy expressed in Section 28 of the Puerto Rico Banking Law to increase the safety and soundness of the financial banking system and its participants.

WHEREAS, it is in the Puerto Rico government's interest to support the DFC Group in generating additional capital to both promote the safety and soundness of the financial banking system and provide much needed aid to the people of Puerto Rico, thus facilitating Puerto Rico job retention, job creation and economic growth.

DETERMINATIONS AND AGREEMENTS

NOW, THEREFORE, it is hereby determined and agreed based on the representations made above, which are considered material facts, for Puerto Rico income tax purposes as follows:

1. The DFC Group and the Secretary of the Treasury hereby agree to recognize the value of the unamortized IO adjusted basis as a tax overpayment not recovered by DFC for the period covered by the restatement, amounting to $229,884,087 as of January 1, 2011. This overpayment of tax will be treated as a pre-payment of income tax by the DFC Group and can be apportioned among

and used by any member of the DFC Group to offset income taxes due to the Puerto Rico Government as of January 1, 2011 and in future years, either through reductions of estimated income taxes or through refunds over a period of 5 years, upon proper claim by Doral. Each year, the DFC Group shall notify the Secretary of the allocation of the overpayment, or any remaining balance thereof, among the members of the group through a statement submitted to the Assistant Secretary for Internal Revenue, a copy of which shall be attached to the applicable returns.

2. The balance of any unused overpayment will carry-over to future years indefinitely until fully utilized through reductions of estimated income tax, or refunded over a period of 5 years, and shall survive any change in control, merger, acquisition, disposition, or sale of any stock or asset in any member of the DFC Group (hereinafter the "Transaction") without limitation.

3. Any provision in a previous agreement which may provide for a different recognition of DFC's overpayment of tax during the tax years covered by the restatement shall not be applicable to taxable years of the DFC Group beginning after December 31, 2010, as the DFC Group is subject to the provisions of this agreement for taxable years beginning after December 31, 2010.

4. The DFC Group agrees to expand its Home Preservation Program by $50 million allowing certain Puerto Rican families, who are clients of the DFC Group and behind on their mortgage loan payments, to restructure or refinance their existing loans to remain in their homes.

5. Upon request by the Puerto Rico Development Fund, the DFC Group agrees to originate up to $20 million in commercial loans under Puerto Rico Development Fund Loan Guaranty Program.

6. The matters contained in this Closing Agreement will be final and conclusive, and will not be reopened, annulled, modified, set aside or disregarded by the taxpayers, nor the Secretary or any civil servant, employee or agent of the Commonwealth of Puerto Rico in any lawsuit, action or administrative proceeding, or by the enactment of any law or issuance of any ruling, regulation, order or decree, except in the event of fraud, malfeasance or misrepresentation of material facts, in accordance with Section 6051.07 of the PR Code and Section 6126 of the 1994 Code.

IN WITNESS WHEREOF, the parties hereto have subscribed and executed this closing agreement, in San Juan, Puerto Rico, this 26th day of March of 2012.

SECRETARY OF THE TREASURY
OF PUERTO RICO

By: _____
Blanca A. Alvarez Ramírez, CPA, Esq.
Undersecretary of the Treasury

DORAL FINANCIAL CORPORATION

By: _____
Glen R. Wakeman
President and CEO

DORAL INSURANCE AGENCY, INC.

By: _____
Glen R. Wakeman
President and CEO

DORAL MORTGAGE LLC

By: _____
Glen R. Wakeman
President and CEO

DORAL BANK

By: _____
Glen R. WakemanPresident and CEO

DORAL PROPERTIES, INC.

By: _____
Glen R. WakemanPresident and CEO

Anejo 3

CLOSING AGREEMENT

THIS CLOSING AGREEMENT, made in duplicate, is entered into pursuant to Sections 6051.07 and 6091.06 of the Puerto Rico Internal Revenue Code of 2011 (hereinafter the "PR Code") and Section 6126 of the Puerto Rico Internal Revenue Code of 1994, as amended (hereinafter the "1994 Code").

APPEAR

Honorable Melba Acosta Febo, in her capacity as Secretary of the Treasury of the Commonwealth of Puerto Rico, represented herein by Angel R. Marzán Santiago, Assistant Secretary of the Internal Revenue Area (the "Secretary");

DORAL FINANCIAL CORPORATION, employer identification number 66-0312162, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DFC"), represented herein by Enrique R. Ubarri in his capacity as Authorized Representative;

DORAL BANK, employer identification number 66-0387312, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DB"), represented herein by Enrique R. Ubarri in his capacity as Authorized Representative;

DORAL MORTGAGE LLC, employer identification number 66-0365296, a limited liability company duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DMC"), represented herein by Enrique R. Ubarri;

DORAL INSURANCE AGENCY, LLC, employer identification number 66-0581930, a limited liability company duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DIA"), represented herein by Enrique R. Ubarri in his capacity as Authorized Representative; and

DORAL PROPERTIES, INC., employer identification number 66-0572283, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DP"), represented herein by Enrique R. Ubarri in his capacity as Authorized Representative.

DORAL Recovery, INC, employer identification number 66-0802212, a corporation duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DRI"), represented herein by Enrique R. Ubarri in his capacity as Authorized Representative.

DORAL Recovery II, LLC, employer identification number 66-656042, a limited liability company duly organized under the laws of the Commonwealth of Puerto Rico with principal offices at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico ("DRII" and, together with DFC, DB, DMC, DP and DIA, hereinafter referred to as the "DFC Group"), represented herein by Enrique R. Ubarri in his capacity as Authorized Representative.

WITNESSETH

WHEREAS, Section 6091.06(a)(1) of the PR Code provides that closing agreements to be executed by the Secretary after December 31, 2010 in connection to issues related to taxable years that commenced before January 1, 2011 or taxable events, or transfer of property that occurred before January 1, 2011, shall be governed by the provisions of the 1994 Code.

WHEREAS, Section 6091.06(a)(2) of the PR Code provides that closing agreements to be executed by the Secretary after December 31, 2010 in connection to issues related to taxable years that commenced after December 31, 2010 or taxable events, or transfer of property that occur after December 31, 2010, shall be governed by the provisions of the PR Code.

WHEREAS, the appearing parties state and guarantee to each other that, in accordance with the provisions of both the PR Code and the 1994 Code, they each have full legal capacity and authority to enter into this Closing Agreement, and they further state as follows:

REPRESENTATIONS

WHEREAS, the DFC Group has made the following material representations:

A. The DFC Group is engaged in mortgage banking, banking, insurance, and investment activities. The entities of the DFC Group maintain their books and records under the accrual method of accounting, on the basis of a calendar year. The DFC Group's principal offices are located at 1451 F.D. Roosevelt Avenue, San Juan, Puerto Rico.

B. The 2012 income tax return of DFC reflects a tax overpayment of $34,097,526 (the "DFC Overpayment"). The DFC Overpayment includes the DIA Overpayment set forth in paragraph E below. See Exhibit A, which is attached hereto and made a part of this Closing.

C. The 2012 income tax return of DB reflects a tax overpayment of $18,316,000 (the "DB Overpayment"). See Exhibit B, which is attached hereto and made a part of this Closing.

D. The 2012 income tax return of DMC LLC reflects a tax overpayment of $3,669.688 (the "DMC Overpayment"). See Exhibit C, which is attached hereto and made a part of this Closing.

E. The 2012 income tax return of DIA reflects a tax overpayment of $2,047,596 (the "DIA Overpayment"). See Exhibit D, which is attached hereto and made a part of this Closing.

F. The DIA Overpayment now constitutes a tax overpayment held by DFC, pursuant to the October 31, 2012 conversion of DIA to a limited liability company with a partnership election, as established in a November 14, 2012 ruling issued by the Department. See Exhibit E, which is attached hereto and made a part of this Closing. Accordingly, the DIA Overpayment is included in the DFC Overpayment.

G. The sum of the DFC Overpayment, the DB Overpayment, and the DMC Overpayment equals to $56,083,214 (collectively, the "DFC Group Tax Overpayments").

E. The DFC Group Tax Overpayments can be carried forward to future tax years or can be claimed as partial or full refunds from the Secretary by filing a refund claim. Such claim shall be subject to audit or examination by the Secretary.

F. The DFC Group Tax Overpayments may be carried forward indefinitely and do not expire.

WHEREAS, it is in the Puerto Rico government's best interest to support active players in the banking industry, which has had significant struggles as of late;

DETERMINATIONS AND AGREEMENTS

NOW, THEREFORE, it is hereby determined and agreed based on the representations made above, which are considered material facts, for Puerto Rico income tax purposes as follows:

1. The DFC Group and the Secretary hereby agree that the DFC Group Tax Overpayments can be transferred and apportioned among and used by any member of the DFC Group to offset income taxes due to the Commonwealth of Puerto Rico for taxable years commencing as of January 1, 2013 and in future years, either through reductions of estimated income taxes or through claims of refund, which shall be subject to audit or examination by the Secretary. Each year, the DFC Group shall notify the Secretary of the allocation of the overpayment, or any remaining balance thereof, among the members of the group through a statement which shall be attached to the applicable returns.

2. The balance of any unused DFC Group Tax Overpayment will carry-over to future years indefinitely until fully utilized through reductions of estimated income tax or refunded to the DFC Group by the Puerto Rico Government, and shall survive any change in control, merger, acquisition, disposition, or sale of any stock or asset in any member of the DFC Group (hereinafter the "Transaction") without limitation.

3. This Closing Agreement only covers the DFC Group Tax Overpayments (as such term is defined herein).

4. The Secretary shall have the right and authority to audit or examine, at any time, the correctness of the DFC Group Tax Overpayments.

5. No determinations or agreements are expressed as to the tax consequences of the above transactions under any other provisions of the PR Code or any other law that may also be applicable thereto or any effect resulting therefrom that is not specifically covered by the above determinations and agreements. The determinations and agreements shall be valid upon the continued existence of the representations submitted to our consideration. If it relates to a tax period ending after the date of this Closing Agreement, it is subject to any law enacted after the agreement date that applies to that tax period.

6. Nothing herein shall be construed to affect any other rights or obligations that any of the parties may have pursuant to any other agreement or claim that has been executed or presented by the parties prior to this date.

7. The matters contained in this Closing Agreement will be final and conclusive, and will not be reopened, annulled, modified, set aside or disregarded by the taxpayers, nor the Secretary or any civil servant, employee or agent of the Commonwealth of Puerto Rico in any lawsuit, action or administrative proceeding, or by the enactment of any law or issuance of any ruling, regulation, order or decree, except in the event of fraud, malfeasance or misrepresentation of material facts, in accordance with Section 6051.07 of the PR Code and Section 6126 of the 1994 Code.

IN WITNESS WHEREOF, the parties hereto have subscribed and executed this closing agreement, in San Juan, Puerto Rico, this 30th day of December of 2013.

SECRETARY OF THE TREASURY

By: _____
Angel R. Marzán Santiago
Assistant Secretary of the
Internal Revenue Area

DORAL FINANCIAL CORPORATION

By: _____
Enrique R. Ubarri
Authorized Representative

DORAL INSURANCE AGENCY, LLC

By: _____
Enrique R. Ubarri
Authorized Representative

DORAL MORTGAGE LLC

By: _____
Enrique R. Ubarri
Authorized Representative

DORAL BANK

By: _____
Enrique R. Ubarri
Authorized Representative

DORAL PROPERTIES, INC.

By: _____
Enrique R. Ubarri
Authorized Representative

DORAL RECOVERY, INC.

By: _____
Enrique R. Ubarri
Authorized Representative

DORAL RECOVERY II, LLC.

By: _____
Enrique R. Ubarri
Authorized Representative

Anejo 4

Estado Libre Asociado de Puerto Rico
DEPARTAMENTO DE HACIENDA
San Juan, Puerto Rico

Lcda. Melba I. Acosta Febo
Secretaria

15 de abril de 2014

CORREO CERTIFICADO/ACUSE DE RECIBO #7012-0470-0000-1160-5453

Sr. Glen R. Wakeman
Presidente y CEO
Doral Financial Corporation
Doral Insurance Agency, Inc.
Doral Properties, Inc.
Doral Bank
Doral Mortgage LLC
1451 Ave. F.D. Roosevelt
San Juan, PR 00920-2717

Re: Acuerdo Final del 26 de marzo de 2012

Estimado señor Wakeman:

Saludos cordiales,

Como es de su conocimiento, el 26 marzo de 2012, el Departamento de Hacienda (en lo sucesivo "Departamento"), y Doral Financial Corporation (en adelante "DFC") y entidades afiliadas a ésta, suscribieron un Acuerdo Final, respecto al supuesto activo intangible ("IO Tax Asset") valorizado originalmente en $889,723,361. En dicho Acuerdo Final, la Sra. Blanca A. Álvarez Ramírez, quien en ese entonces fungía como Subsecretaria del Departamento de Hacienda, representó al entonces Secretario de Hacienda, Jesús F. Méndez Rodríguez. De parte de la entidad financiera beneficiada por el acuerdo compareció DFC, Doral Bank, Doral Mortgage, LLC, Doral Insurance Agency, Inc., y Doral Properties, Inc.; todas ellas representadas por usted, en su capacidad de Presidente y Principal Oficial Ejecutivo.

Mediante el referido Acuerdo Final se determinó y se acordó, en síntesis, lo siguiente:

a. Se determinó que el valor original del activo intangible era $889,723,361. Esa cantidad se redujo por unos $123,443,072 que fue el gasto reconocido por los periodos anteriores (2005-2008) por concepto de amortización. El balance restante de $766,280,289, que era entonces el balance no amortizado del intangible, se multiplicó por una tasa de 30% y ese producto de $229,884,087 se dijo que era el valor del activo intangible de los IO's no amortizados a la fecha del 1 de enero de 2011.

b. Se reconoció dicha cantidad de $229,884,087 como un sobrepago contributivo no recobrado por DFC.

c. Se determinó que dicho sobrepago contributivo sería considerado como un prepago por concepto de contribución sobre ingresos.

d. Se acordó que dicha cantidad "pre pagada" ($229,884,087), podría ser utilizada por cualquiera de los miembros del grupo de DFC para compensar sus obligaciones por concepto de contribuciones sobre ingresos **o podría ser reclamado como un reintegro dentro de un periodo de cinco años, sujeto a su correspondiente reclamación[1].**

e. Se acordó además que cualquier cantidad del "prepago" no utilizada por DFC, podría ser trasladada a futuros años indefinidamente hasta su liquidación total y sobrevivirá cualquier cambio en control, fusión, disposición, adquisición o venta de acciones o activos de cualquier miembro del grupo de DFC.

f. Se determinó que el grupo DFC estaría sujeto a las disposiciones de este último acuerdo para los años contributivos de 2010 en adelante y que cualquier disposición establecida en los acuerdos anteriores que proveyese un reconocimiento distinto a los "sobrepagos" de DFC, no sería aplicable a los años contributivos comenzando a partir del 31 de diciembre de 2010.

g. DFC, por su parte, se comprometió a originar préstamos comerciales hasta la cantidad de $20 millones, bajo el Puerto Rico Development Fund Loan Guaranty Program. También se comprometió a expandir su "Home Preservation Program" por $50 millones.

[1] Esta determinación se hace no empece que en el párrafo siete del acuerdo final de fecha del 17 de febrero de 2006, que se firma como resultado de la re-emisión de los estado financieros de DFC, las partes aceptaron que para fines contributivos no se afectaría el reconocimiento de las ventas de los IOs y las ganancias de capital y, por lo tanto, Doral no solicitaría el reintegro de lo ya pagado por esos conceptos: "It is agreed that [Doral] will not claim a refund for these income taxes paid".

De manera que, una serie de acuerdos entre DFC, sus subsidiarias y el Departamento de Hacienda, que llevaron a dicho Acuerdo Final, convirtieron un posible ahorro contributivo resultado de una deducción por la amortización[2] de un activo, en un sobrepago de una contribución por la cantidad de $229,884,087, con el efecto subsiguiente sobre las finanzas públicas y la estabilidad económica del país. Esto a pesar de que DFC o sus subsidiarias nunca pagaron contribuciones por dicha cantidad multimillonaria.

El Acuerdo Final convirtió $229,884,087 en una cuantía "alegadamente" reintegrable, y por consiguiente, en una "supuesta deuda" del Estado Libre Asociado para con DFC de cientos de millones de dólares, sin que el Estado recibiera beneficio alguno de esa deuda. Como sabrá, este escenario tiene particular relevancia en la grave crisis económica que actualmente enfrenta tanto el País como sus instituciones gubernamentales.

En virtud de lo aquí expuesto, y sin que ello implique **renuncia alguna** por parte del Estado a ningún derecho o curso de acción legal, le solicitamos que en un término no mayor de diez (10) días nos exponga de manera pormenorizada la posición de las corporaciones a las que representa con respecto al Acuerdo Final suscrito el 26 de marzo de 2012, incluyendo, pero no limitándose, al:

1. Evidencia de los pagos hechos por DFC y sus afiliadas al Departamento de Hacienda y como estos equiparan o exceden la obligación contributiva por concepto de contribución sobre ingreso por $229MM.

2. La interpretación de DFC sobre el alcance del acuerdo alcanzado, en específico el inciso (1) del acápite de "Determinations and Agreements" que dispone que el alegado overpayment de $229,884,087 "will be treated as a pre-payment of income tax by DFC Group and can be apportioned among and used by any member of the DFC Group to offset income taxes due to Puerto Rico Government as of January 1, 2011 and in future years, either through reduction of estimated income taxes **or through refunds over a period of 5 years, upon proper claim by Doral**".

3. Cumplimiento de DFC con las obligaciones contraídas en el mismo, particularmente las referents al "Home Preservation Program" y al "Puerto Rico Development Fund Loan Guaranty Program".

De no recibir respuesta de su parte dentro del término dispuesto, procederemos a evaluar los diferentes cursos de acción legal con la información que tenemos disponible, de manera que los libros de contabilidad del Estado Libre Asociado de Puerto Rico no registren como una cuenta a pagar un derecho de reintegro por sobrepago de contribuciones de $229,884,087 (equivalente a un crédito a cobrar contra el Estado Libre Asociado) cuando en realidad nunca se realizó tal sobrepago. Esto, sin lugar a dudas tiene el efecto de sobreestimar el déficit en los estados financieros del Estado y requiere de la correspondiente acción correctiva.

[2] El término "amortización" es equivalente a depreciación en los activos intangibles.

Agradeceré que se comunique con nuestra oficina de interesar discutir con nosotros los pormenores de esta carta o de los documentos correspondientes que vaya a remitir en o antes del martes, 22 de abril de 2014, con nosotros.

Atentamente,

Melba Acosta Febo

c: Lcdo. Rafael Blanco Latorre
Comisionado de Instituciones Financieras

Anejo 5

PO Box 71528 San Juan PR 00936-8628

April 23, 2014

Hon. Melba I. Acosta Febo
Secretary
Department of the Treasury
Commonwealth of Puerto Rico
P.O. Box 9024140
San Juan, PR 00902-4140

RE: **Closing Agreement dated March 26, 2012**

Dear Secretary Acosta:

We acknowledge receipt of your letter dated April 15, 2014 (the "Letter") in connection with the closing agreement by and among the Department of the Treasury of the Commonwealth of Puerto Rico (the "Department") and Doral Financial Corporation and its affiliated companies ("DFC") dated March 26, 2012 (the "2012 Closing Agreement"). In response, we would like to provide the Department a better understanding of the 2012 Closing Agreement, clarify certain misunderstandings that were present in the Letter, provide the requested documents and seek a meeting to conclude the matter.

I. Facts and Assumptions

1. The Letter's key factual premise is that the refund due to DFC is not based upon actual tax payments made to the Department. You state in the Letter that "...DFC or its subsidiaries never paid taxes on such multimillion dollar amounts." As documented in this response and based on information DFC has assembled for this response DFC and its subsidiaries made cash overpayments to Puerto Rico totaling approximately $155,634,626, for the period of years contemplated in the various closing agreements with the Department.

2. In addition to the overpayment of taxes by DFC during this period, the Department owes interest on tax overpayments at a rate of 6% annually as established by Section 6025.03(a) of the Puerto Rico Internal Revenue Code of 2011, as amended. The interest due to DFC through March 26, 2012, the date of the 2012 Closing Agreement, for these overpayments amounts to approximately $76,455,102. That brings the amount actually owed to DFC as of the 2012 Closing Agreement to approximately $232,089,728.

3. The cash overpayments by DFC of taxes to Puerto Rico were the result of DFC overstating its income during the applicable tax periods. In particular, DFC and its subsidiaries utilized an incorrect methodology for valuing interest only strips, so-called IOs, that overvalued such instruments. The overstatement of income also resulted from DFC mischaracterizing certain transactions as mortgage loan sales that should have been characterized as secured financings. DFC restated its financial statements on February 27, 2006 to reflect these changes (the

"Restatement"). This information is discussed in DFC's Form 10K/A filed with the Securities and Exchange Commission on February 27, 2006.

4. During the applicable tax periods, DFC paid taxes based upon overstated earnings rather than the earnings (losses) actually realized during such period and once DFC corrected these errors DFC became lawfully entitled under the tax laws of the Commonwealth to a refund of the overpaid taxes, plus interest on such amounts until refunded, as well as certain other tax benefits. Separate and apart from the tax reporting issues giving rise to DFC's right to a refund, as an accounting matter, because DFC had overpaid its taxes, it should have recognized a tax receivable from the Puerto Rico government at that time.

5. In 2006, instead of recognizing a tax receivable, DFC and its affiliates entered into a closing agreement with the Department on September 26, 2006 (the "2006 Closing Agreement"). The Letter refers to this agreement as an April 2006 agreement but that is a different agreement. The 2006 Closing Agreement, recognized the cash overpayment of taxes by DFC resulting from the restatement described above, but instead of giving DFC an immediate refund, the Department agreed to an IO intangible asset of $889,723,361 and allowed DFC to amortize the asset over a 15 year period, for Puerto Rico tax purposes. DFC was able to utilize $123,443,072 of this asset by 2012. At the time of the 2012 Closing Agreement DFC's tax assets and claims against the Department consisted of actual tax overpayments made to the Department that are legally to be refunded to DFC, accrued interest thereon, and additional tax adjustments to be made to DFC's tax periods in respect of the recharacterization of the IOs as discussed above. These refunds and tax adjustments are governed by the Puerto Rico Internal Revenue Code and are separate and apart from the accounting treatment of the IOs that are part of the Restatement.

6. The tax overpayment discussed above and confirmed by the 2006 Closing Agreement was an actual and substantial overpayment of taxes, not an accounting technicality. That is, DFC actually overpaid cash amounts to the Department over a period of many years. Please see Exhibit A for the evidence requested in the Letter. The 2012 Closing Agreement effectively amounts to an interest free loan from DFC to the Commonwealth from the date of such agreement.

7. At the time of the 2012 Closing Agreement the Department was concerned that DFC could have elected to use under Puerto Rico Internal Revenue Code a 39% tax rate in respect of the deferred tax asset rather than a 30% tax rate. If DFC utilized the 39% rate the Department would have owed DFC a refund of $261,231,917 (plus interest until paid). Additionally, if the Department utilized the actual taxes paid during the relevant periods plus interest accrued thereon the Department would owe DFC a tax refund of $232,089,728 at the time of the 2012 Closing Agreement based on the analysis provided above. Instead, the Department negotiated utilizing the deferred tax asset and applying a 30% tax rate and thereby agreed to refund to DFC $229,884,087. The Department calculated this amount as follows:

2006 Deferred Tax Asset	$889,723,361
Less: Use of the DTA by DFC	($123,443,072)
DTA Balance	$766,280,289
Tax Rate	30%
Total Tax Receivable	$229,884,087

The Department utilized the intangible asset and the lower corporate tax rate as the basis of calculating the refund due to DFC and not the actual cash over-payments because the intangible asset calculation saved the Department a significant amount of money.

8. As cited in the Letter, the Department acknowledged in the 2012 Closing Agreement that DFC overpaid income taxes in the relevant periods by at least the agreed amount. See paragraph C. on page 2 of the Letter. The 2012 Closing Agreement amended the arrangements between the parties by reducing DFC's claims against the Department in respect of tax refunds due to DFC while providing DFC more certainty regarding the recovery of the tax overpayments. In negotiating all closing agreements over a seven year period, the Department never retreated from its statement that DFC actually overpaid its income taxes and therefore was due an immediate refund. See the 2012 Closing Agreement.

9. Contrary to what it is suggested in footnote 1 of the Letter, the relevant language cited therein cannot be read as a limitation to the taxpayer and the Department from entering into mutually agreeable subsequent closing agreements. What is actually binding is the Department's obligation, pursuant to law and these agreements, not to engage in unilateral actions detrimental to them, such as reopening the basis upon which the Department entered into the 2012 Closing Agreement as evidenced by the Letter.

10. The Commonwealth benefitted from the tax overpayment and the closing agreements in various ways including but not limited to the following:

(a) The Commonwealth had the benefit of using additional funds that resulted from the overpayment, plus the time value of money of such funds. Such monies are owed to DFC and the Department continues to accrue interest on the repayment of such funds. DFC continues to provide interest free financing to the Department.

(b) The Commonwealth actively negotiated to reduce the Department's liability resulting from the tax overpayment by reducing the amount owed to DFC and eliminating the further accrual of interest of the agreed upon tax refund due to DFC.

(c) The 2012 Closing Agreement was not a unilateral act by DFC or its affiliates but a negotiated agreement with the Department. DFC agreed to take a lesser amount as a tax receivable and the

Department agreed that DFC could claim a refund during a five year period. These changes have been reflected in DFC's Puerto Rico tax returns since the 2012 Closing Agreement was signed and executed.

(d) The Commonwealth also received assurances that DFC would continue to expand on its Home Preservation Program and participate in the Loan Guaranty Program to keep Puerto Rico citizens in their homes. DFC met this commitment and remains willing to participate in the Loan Guaranty Program, but the program has been dissolved at no fault of DFC. Please see Exhibit B summarizing DFC's compliance.

II. The 2012 Closing Agreement

The 2012 Closing Agreement is a legally binding contract mutually agreed by the parties.[1] As described in this letter the 2012 Agreement was negotiated by the Department in order to reduce and cap the debt due to DFC in respect of the IO intangible asset. In this regard the main differences between the 2006 Closing Agreement and the 2012 Closing Agreement are the extent of the debt obligation due to DFC and the method by which the Department would refund DFC the overpayment in taxes. What is clear is that there was an overpayment recognized by the Department in both the 2006 Closing Agreement and the 2012 Closing Agreement.

In summary, during a seven year period the Department and DFC have entered into a series of agreements that provide certainty to each party regarding the extent of the Department's debt obligations to DFC and the timing of payments to be made to DFC. At each step DFC worked with the Department to assist the Government and people of Puerto Rico in balancing DFC's rights to receive the full value of the tax refunds and benefits due to DFC and the fiscal needs of the Government of Puerto Rico. Also at each step of the process DFC's over-payment of its Puerto Rico taxes was recognized by the Department.

III. Requested Information

In good faith and under privilege relating to discussions between parties in seeking to resolve any potential disagreement, while fully reserving its legal rights as set forth more fully below, DFC is providing the information requested in the Letter.

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[1] Please see *Pfizer Pharmaceuticals, Inc., et al. v. Municipio de Vega Baja*, 2011 TSPR 93 where the Puerto Rico Supreme Court recently upheld the enforceability of tax agreements against governmental entities because they are legally binding contracts.

Attached hereto please find the information you requested in the Letter.

1. Exhibit A: Copies of Tax Returns of DFC and its affiliates filed with the Department for the relevant periods and canceled checks reflecting the payment of the income tax reported in such tax returns.
2. Exhibit B: Evidence of DFC's compliance with Sections 4 (Home Preservation Program) and 5 (Puerto Rico Development Fund) of 2012 Closing Agreement.

IV. Requests and Other Information

DFC hereby notifies the Department and the Secretary that DFC is imminently about to seek to implement a recapitalization of its equity and debt capital as well as a restructuring of its non-performing assets to bring DFC and Doral Bank into full compliance with regulatory expectations. DFC publicly disclosed that it would seek to undertake such a plan in its Form 10-K for the fiscal year ended December 31, 2013 as filed with the Securities and Exchange Commission on March 21, 2014. DFC has made its regulators aware of this plan of action as certain components of the plan of action require regulatory consent. DFC would like to discuss this issue with the Department and the Secretary to avoid any unwarranted actions that may damage or harm DFC's recapitalization and restructuring plans.

Given the objective evidence that is in the control of the Department that demonstrates that DFC overpaid its income taxes as well as the benefits received by the Department in negotiating and entering into the various closing agreements, DFC is concerned that the underlying tone of and the unintended consequences that will result from the Letter are based on mistakes of facts by the Department. Section 6 of the 2012 Closing Agreement states that "the matters contained in the Closing Agreement will be final and conclusive, and will not be reopened, annulled, modified, set aside or disregarded by the taxpayer, nor the Secretary or any civil servant, employee or agent of the Commonwealth of Puerto Rico in any lawsuit, action or administrative proceeding, or by the enactment of any law or issuance of any ruling, regulation, order or decree, except in the event of fraud, malfeasance or misrepresentation of material facts, in accordance with section 6051.07 of the PR Code and Section 6126 of the 1994 Code." Reopening the basis upon which the Department entered into the 2012 Closing Agreement as well as any further action to determine whether to seek to eliminate the account payable of the Department in connection with the overpayment by DFC of income taxes or to disavow the refund of such amounts overpaid are clear violations of such provision.

DFC has obligations to its stakeholders (shareholders, creditors and regulators) that it must meet, and DFC and its subsidiary, Doral Bank, are important participants of the Puerto Rican economy. Given the importance of this matter to DFC and the commitment that DFC and its employees have to Puerto Rico, DFC must protect its legal interests and preserve its assets including its debt due from the Government of Puerto Rico.

If the Department's concern is one of evidencing the receivable for purposes of the recognition of the receivable in the Commonwealth's Financial Statements pursuant to auditor requests, we understand that we have provided ample evidence of the overpayment and the Commonwealth's contractual obligations regarding the amounts due to DFC.

DFC is cognizant of the economic and fiscal situation that the Commonwealth is experiencing and does not want to aggravate the situation further. Conversely, the Department should recognize that DFC, its employees and stakeholders have also been materially adversely affected by the economic and fiscal issues in Puerto Rico as evidenced by the more than $500 million in credit related costs since 2009. In order to avoid further misunderstandings between the Department and DFC and in order to work with the Department to reach an understanding and resolution of the issues discussed herein that is in the best interests of all parties concerned we hereby request a meeting with you as soon as possible to discuss the issues raised in the Letter, the contents of our response thereto and to understand the Department's timeline for meeting its payment obligations to DFC.

Cordially,

Glen R.Wakeman

Cc. Hon. Rafael Blanco Latorre
Commissioner of Financial Institutions of Puerto Rico

Mr. Daniel Frye
Area Director
Federal Deposit Insurance Corporation

Mr. David Smith
Supervisory Team Leader
Federal Reserve Bank of New York

Ms. Ivelisse Suárez
Senior Bank Examiner and Supervisory Manager
Federal Reserve Bank of New York

Anejo 6

Estado Libre Asociado de Puerto Rico
DEPARTAMENTO DE HACIENDA
San Juan, Puerto Rico

Lcda. Melba I. Acosta Febo
Secretaria

14 de mayo de 2014

VIA CORREO ELECTRONICO/CORREO REGULAR

Glen R. Wakeman
Presidente y CEO
Doral Financial Corporation
Doral Bank
Doral Mortgage LLC
Doral Insurance Agency, Inc.
Doral Properties, Inc.
1451 Ave. F.D. Roosevelt
San Juan, PR 00920-2717

Re: Acuerdo Final del 26 de marzo de 2012

Estimado señor Wakeman:

Mediante carta del 15 de abril de 2014, se le informó que el Departamento de Hacienda (el "Departamento") estaba revisando las representaciones y determinaciones del Acuerdo Final suscrito el 26 de marzo de 2012 por Doral Financial Corporation ("DFC"), entidades afiliadas a ésta (junto con DFC, "Doral") y el Departamento (el "Acuerdo Final de 2012"). Ello en aras de entender cómo, lo que hasta el momento era la amortización de un activo que solamente se podía reclamar por un periodo de 15 años como una deducción contra los ingresos tributables, de haberlos, durante esos 15 años, se convirtió en una obligación de reintegro por parte del Departamento y por ende del Estado Libre Asociado de Puerto Rico.

En resumen, se le notificó que de la información que el Departamento tenía a su haber, no había evidencia de que en efecto Doral hubiese pagado contribuciones multimillonarias en exceso de su obligación contributiva[1]. Sin embargo, se le solicitó que nos remitiera, en o

[1] El reintegro es una figura que establece el Código de Rentas Internas para permitir que, en ciertas circunstancias, un contribuyente que haya hecho un pago en exceso, pueda ser reembolsado por el monto pagado que excede su obligación contributiva sin tener que esperar a poder recibir créditos en años o periodos

antes del 25 de abril, la postura de Doral y toda la evidencia que entendiera sustentaba la validez del Acuerdo Final de 2012, incluyendo un detalle de los pagos hechos por Doral que evidencian un pago en exceso de las obligaciones contributivas incurridas por $229 millones.

El 23 de abril de 2014 recibimos su respuesta a nuestra solicitud en la que nos indicó, entre otras cosas, que los documentos suplementarios allí incluidos atendían nuestra solicitud. Según su comunicación, las entidades que componen Doral realizaron supuestos "sobrepagos" por la cantidad de $155,634,626 relativos a los temas y transacciones bajo el Acuerdo Final de 2012 y acuerdos anteriores, para los años contributivos del 2000 al 2004, que fueron afectos por la reemisión de los Estados Financieros. Además, usted indicó que el Departamento supuestamente debía intereses al 6% anual por los supuestos sobrepagos, calculados en la cantidad de $76,455,102, ambas partidas totalizando $232,089,728. En resumen, explicó que Doral realizó pagos al Departamento relativos a los años que cubría el Acuerdo Final del 2012, y relativos a la tributación de la valoración del activo "Interest Only Strip" ("IO") y a la caracterización errónea de ventas de hipotecas que luego fueron caracterizadas como financiamientos asegurados. Dice que luego de la reemisión de los estados financieros que tuvo lugar en el año 2006, la ganancia relativa a los IOs y a la caracterización errónea de las ventas de hipotecas fue eliminada de los libros, y que debido a esto, Doral debe recibir un reintegro de parte del Departamento por los supuestos sobrepagos hechos por los ingresos sobreestimados.

Es imprescindible recalcar que la naturaleza del sobrepago como se describe en su carta del 23 de abril y la evidencia suministrada, dista de los acuerdos alcanzados en el Acuerdo Final de 2012. Específicamente en el Acuerdo Final de 2012, Doral representó que: "[t]he net effect of reversing the IO's and the mortgage loan sales resulted in a substantial reduction of DFC's income for book purposes, which would have resulted in a concomitant reduction in its income tax liabilities during the tax years covered by the restatement which amounted to over $152 million, plus interest thereon". Sin embargo, la metodología utilizada en el Acuerdo Final para determinar el supuesto sobrepago no tiene relación con la contribución sobre ingresos que Doral pudo haber pagado en exceso durante los años 2000 al 2004, según reclama. En realidad, la única referencia que hay en el Acuerdo Final de 2012 al sobrepago por concepto de esa posible reducción en la obligación contributiva de Doral como resultado

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contributivos futuros que reduzcan su obligación contributiva en esos periodos futuros. La Sección 6021.01 del Código de Rentas Internas de 2011 establece:

> [s]i el contribuyente hubiese pagado como contribución o como un plazo de la misma, una cantidad en exceso de la cantidad determinada como el monto correcto de dicha contribución o plazo, el pago en exceso se acreditará contra la contribución o los plazos no pagados, si los hubiere. Si la cantidad ya pagada, fuere o no a base de plazos, excediere de la cantidad determinada como el monto correcto de la contribución, el pago en exceso se acreditará o se reintegrará según se provee en este Subtítulo.

de la reemisión de los Estados Financieros es en esa representación y no guarda relación con las determinaciones que se atienden más adelante.

Por ende, entendemos que la información suplida con su carta del 23 de abril debió evidenciar el pago en exceso que daría paso a un reintegro de $229 millones. No es el caso. Hemos revisado detenidamente la información que proveyó y la misma es cónsona con la información que ya habíamos revisado y no apoya el que al momento de firmar el Acuerdo Final de 2012, Doral hubiese tenido derecho a un reintegro por sobrepago contributivo alguno. A tenor con las disposiciones del Código de Rentas Internas de 2011[2], la evidencia suplida no permite una conclusión de que, según Doral representó en el Acuerdo Final del 2012, Doral haya hecho un pago en exceso a sus obligaciones contributivas que permitiesen al Departamento reconocer un pago en exceso reintegrable. Tal conclusión se debe mayormente a 3 razones fundamentales:

1. En la evidencia sometida, se incluyeron pagos hechos por subsidiarias de DFC que no reportaron en sus planillas pagos de contribución sobre ingresos correspondientes a ganancia de los IOs ni a la recaracterización de las ventas de hipotecas (por ejemplo, Doral Securities, Inc., Sana Investment Mortgage Bankers, Centro Hipotecario de Puerto Rico, Inc. y Doral Insurance Agency, Inc.). Estos pagos no representan un sobrepago que proceda reintegrarse;

2. En la evidencia sometida se incluyeron pagos hechos durante los años 1998 al 2004 por las entidades que fueron parte del Acuerdo Final del 2012 (Doral Mortgage Corporation, Doral Bank, DFC). Al revisar las planillas de dichas corporaciones para los períodos en discusión, notamos que, excepto para el 2004 y solo en relación a la transacción cubierta en el Acuerdo Final del 9 de diciembre de 2004, en las mismas se excluyó del ingreso sujeto a contribución sobre ingresos, la ganancia reconocida como IOs al momento de la supuesta venta de las hipotecas. Dicha ganancia de IOs se incluyó en el "Schedule of Reconciliation of Net Income (Loss) per Books with Net Taxable Income (Loss) per Return", como un ingreso para libros y no para planilla. Este tratamiento es consistente con las representaciones hechas por Doral en los acuerdos finales suscritos[3]. Por tanto,

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[2] Las disposiciones legales correspondientes bajo el Código de Rentas Internas de 1994 resultan en la misma conclusión.

[3] En los acuerdos finales del 26 de junio de 2005 y 9 de diciembre de 2004, Doral representó que "For books purposes, once materialized upon securitization of the loans, the Accounting for servicing rights is regulated by Statement of Financial Accounting Standard No. 140 "Accounting for Transfers of Servicing of Financial Assets and Extinguishmentss of Liabilities –A replacement of FASB Statement 125" ("FAS 140"). Pursuant to FAS 140, DFC must recognize as interest-only strips ("IOs") an asset, the present value of interest cash flows to be received in excess servicing over the yield paid to the institutional purchaser of such loans which are realized over time through the receipt of these "excess" interest cash flows (hence the label of "excess

los pagos de contribución sobre ingresos para estos años no representan un sobrepago de contribuciones relacionado al ingreso eliminado en la reemisión de los estados financieros por los IOs;

3. Los supuestos sobrepagos que se reclaman en el Acuerdo Final del 2012 corresponden a los años contributivos 1998 hasta el 2004, los cuales al momento de ejecutar el Acuerdo Final del 2012 estaban prescritos para la solicitud de reintegro conforme a la Sección 6021.02[4] del Código de Rentas Internas del 2011, según enmendado, (el "Código") y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara (prescripción de 4 años). Además, en el Acuerdo Final del 17 de febrero de 2006, se acordó que "It is agreed that DFC, DMC, and DB will not claim a refund for any of the income taxes paid with their 2003 Closing Agreement nor with their corporation income tax returns filed for 2000, 2001 and 2002, i.e., the years covered by the Restatement and by such Agreement."

Revisión de la Información Enviada por Doral

A continuación se detallan las conclusiones de este análisis a base de la información incluida en su comunicación del 23 de abril.

Total de la contribución sobre ingresos (contribución regular y alternativa mínima) según la información acompañada (Ver Anejo 1 para detalle de entidad y año) **$149,368,808**

Las siguientes partidas deben ser reducidas del total de pagos según se explica:

Contribución correspondiente a **Doral Insurance Agency, Inc.** No proveyó evidencia de que esta entidad se afectara por el reverso de la ganancia por los Interest-Only Strips ("IO's) durante el proceso de la reemisión de los Estados Financieros. Además, los años contributivos para los que se suministró evidencia estaban prescritos para la solicitud de reintegro, al momento de ejecutar

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servicing"). The fair value of IOs is generally determined based on market prices provided by dealers and external and internal valuation models. For tax purposes, however the underlying nature of the excess servicing cash flow is interest and this type of income is normally earned through the passage of time, i.e., during the life of the mortgage loan, not immediately upon the issuance of debt to the borrower. Thus, for regular tax purposes, DFC has consistently treated income from IOs under the "all events test" provided for in Regulation 1043-1 issued pursuant to the PR Code."

[4] La sección 6021.02(b)(1) del Código provee que "a menos que una reclamación de crédito o reintegro sea radicada por el contribuyente dentro de cuatro (4) años desde la fecha en que la planilla o declaración fue rendida por el contribuyente o dentro de tres (3) años desde la fecha en que la contribución fue pagada, no se concederá o hará crédito o reintegro alguno después del vencimiento de aquel de dichos períodos que expire más tarde".

el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código de Rentas Internas del 2011, según enmendado, (el "Código") y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. ($11,750,719)

Contribución correspondiente a **Doral Securities, Inc.** No proveyó evidencia de que esta entidad se afectara por el reverso de la ganancia por los IO's durante el proceso de la reemisión de los Estados Financieros. Además, los años contributivos para los que se suministró evidencia estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. ($720,403)

Contribución correspondiente a **Sana Investments Mortgage Bankers.** No proveyó evidencia de que esta entidad se afectara por el reverso de la ganancia por los IO's durante el proceso de la reemisión de los Estados Financieros. Además, los años contributivos para los que se suministró evidencia estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. ($3,901,102)

Contribución correspondiente a **Centro Hipotecario de Puerto Rico, Inc.** No proveyó evidencia de que esta entidad se afectara por el reverso de la ganancia por los IO's durante el proceso de la Re-Emisión de los Estados Financieros. Además, los años contributivos para los que se suministró evidencia estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. ($3,046,019)

Contribución de **Doral Mortgage Corporation** para los años contributivos del 2000 al 2002 los cuales fueron objetos de una investigación por el Departamento de Hacienda, la cual concluyó con un Acuerdo Final, el 30 de julio de 2003, con un pago por la cantidad de $2,128,491 (incluido en el análisis) que cerró dichos años contributivos. Estos años contributivos estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012 conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. Además, de la evidencia provista no surge que en las planillas de contribución sobre ingresos para estos años se incluyera como ingreso tributable la ganancia de los IO's que fue luego eliminada como parte de la reemisión de los Estados Financieros. (12,440,897)

Contribución de **Doral Bank** para los años contributivos del 2000 al 2002 los cuales fueron objetos de una investigación por el Departamento de Hacienda, la cual concluyó con un Acuerdo Final, el 30 de julio de 2003, con un pago por la cantidad de $780,909 (incluido en el análisis) que cerró dichos años contributivos. Estos años contributivos estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012 conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. Además, de la

evidencia provista no surge que en las planillas de contribución sobre ingresos para estos años se incluyera como ingreso tributable la ganancia de los IO's que fue luego eliminada como parte de la reemisión de los Estados Financieros. (19,926,410)

Contribución de **Doral Financial Corp.** para los años contributivos del 1998 al 2002 (contribución regular solamente, excluye AMT) los cuales fueron objetos de una investigación por el Departamento de Hacienda, la cual concluyó con un Acuerdo Final, el 30 de julio de 2003, con un pago por la cantidad de $780,909 (incluido en el análisis) que cerró dichos años contributivos. Estos años contributivos estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. Además, de la evidencia provista no surge que en las planillas de contribución sobre ingresos para estos años se incluyera como parte del ingreso tributable, la ganancia de los IO's que fue luego eliminada como parte de la reemisión de los Estados Financieros. (3,725,798)

Contribución regular de **Doral Bank** para los años contributivos 2003 y 2004. Estos años contributivos estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. Además, de la evidencia provista no surge que en las planillas de contribución sobre ingresos para estos años se incluyera la ganancia de los IO's que fue luego eliminada como parte de la reemisión de los Estados Financieros. (21,280,261)

Contribución regular de **Doral Mortgage** para los años contributivos 2003 y 2004. Estos años contributivos estaban prescritos para la solicitud de reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. Además, de la evidencia provista no surge que en las planillas de contribución sobre ingresos para estos años se incluyera la ganancia de los IO's que fue luego eliminada como parte de la reemisión de los Estados Financieros. (9,419,914)

Contribución regular de **Doral Financial Corp.** para el año contributivo 2003 (excluye AMT). Este años contributivo estaba prescrito para solicitar reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara. Además, de la evidencia provista no surge que en la planilla de contribución sobre ingresos para este año se incluyera como parte del ingreso tributable, la ganancia de los IO's que fue luego eliminada como parte de la reemisión de los Estados Financieros. ($415,642)

Contribución regular de **Doral Financial Corp.** para el año contributivo 2004. En la planilla de contribución sobre ingresos para el año 2004 se incluyó una ganancia de capital por la cantidad de $536,616,626 por la

venta de los IO's conforme al Acuerdo Final con fecha de 9 de diciembre de 2004. La contribución sobre ingresos relacionada a esta venta fue de $33,538,539 la cual fue satisfecha con un crédito de contribución alternativa mínima de $18,538,539 y un pago por la cantidad de $15,000,000. En Acuerdos Finales posteriores se acordó que la contribución que resultó del Acuerdo Final del 9 de diciembre de 2004 no sería solicitada como reintegro. Además, este año contributivo estaba prescrito para solicitar reintegro, al momento de ejecutar el Acuerdo Final el 26 marzo de 2012, conforme a la Sección 6021.02 del Código y la Sección 6011 (b) del Código de Rentas Internas de 1994, según emendado, si aplicara.	(34,095,490)
Sobrepago	$28,646,153
Menos: Crédito disponible de contribución alternativa mínima pagada por Doral Financial para el año 2003 que fue reclasificado a contribución regular mediante el Acuerdo Final con fecha de 17 de febrero de 2006. Esta cantidad es parte del sobrepago de Doral Financial según presentado en el Acuerdo Final con fecha de 30 de diciembre de 2013. Por tanto, el incluir esta cantidad como parte del reintegro disponible sería duplicar el sobrepago.	(13,907,586)
Menos: Sobrepago de contribución sobre ingresos según la planilla del año 2004. Esta cantidad es parte del sobrepago de Doral Financial según presentado en el Acuerdo Final con fecha de 30 de diciembre de 2013. Por tanto, incluir esta cantidad como parte del reintegro disponible seria duplicar el sobrepago.	(14,738,568)
Sobrepago a reintegrar	$0

A pesar de que no fueron incluidos en la información suministrada en la comunicación del 23 de abril de 2014, el Departamento reconoce que existen otros dos pagos. El primero relativo a un acuerdo final suscrito el 29 de junio de 2005, por la cantidad de $2,494,032 relacionado a la venta de IOs entre entidades relacionadas y otro de $2,284,432 relativo a pagos de estimadas para el año contributivo 2005 los cuales suman otros $4,778,464. El pago de $2,494,032 hecho con el Acuerdo Final del 29 de junio de 2005 no puede ser reclamado como reintegro pues se acordó posteriormente en un Acuerdo Final el 17 de febrero de 2006 que tal cantidad no sería reclamada como reintegro por Doral. En relación al pago de estimada hecho durante el 2005, dicha cantidad fue incluida en el sobrepago reconocido en el Acuerdo Final del 30 de diciembre de 2013.

Por lo tanto, Doral no proveyó información alguna que sustente un pago en exceso de las obligaciones contributivas de Doral que, al 2012, pudiese dar base a un reintegro. La información provista para sustentar un sobrepago se limita a obligaciones contributivas

anteriores al 2005. Todas esas acciones estaban prescritas al momento en que se otorga el Acuerdo Final de 2012, pues prevalece el periodo de 4 años para hacer cualquier reclamación de esa índole. Además, no sustentan el análisis que pudo redundar en una determinación de que una activo por contribución diferida, el cual se trataba hasta ese momento como una deducción contra los ingresos tributables, de haberlos, se convirtió en un "sobrepago".

Resumen

Durante los años 2004 y 2005, a través de unas transacciones entre entidades relacionadas, Doral reconoció una ganancia para propósitos de contribución sobre ingresos por la venta de ciertos IOs que habían resultado como parte de las transacciones de ventas de carteras de hipotecas. Conforme a acuerdos finales ejecutados el 9 de diciembre de 2004 y 29 de junio de 2005, dicha ganancia, determinada por el valor en los libros de los IOs a estas fechas, fue considerada como una ganancia en la venta de un activo de capital poseído por más de seis meses y se tributó a una tasa preferencial vigente en ese momento de 6.25% que resultó en una responsabilidad contributiva de **$36,032,571**. Esta responsabilidad contributiva se satisfizo mediante (a) el pago de alrededor de diecisiete millones de dólares ($17,494,7032 para ser exacto) y (b) un crédito entonces disponible de alrededor de dieciocho millones de dólares ($18,538,539 para ser exacto). En nuestro análisis, el único pago que ha efectuado Doral al Gobierno de Puerto Rico por concepto de IOs son los pagos realizados en los años 2004-2005 de $36,032,571. No hemos encontrado evidencia alguna de que se haya hecho algún otro pago.

Como resultado de un análisis posterior de las transacciones de ventas de las carteras de hipoteca, Doral determinó que, contablemente, las mismas no se habían perfeccionado. Por lo tanto, ese activo (IOs) que había reconocido Doral en sus libros, ya no correspondía, pues la totalidad de las hipotecas estaba en sus libros nuevamente. Mediante un Acuerdo Final con el Secretario de Hacienda suscrito el 17 de febrero de 2006, Doral y el Secretario de Hacienda acordaron que la reemisión de los estados financieros no tendría efecto en los acuerdos finales suscritos durante el 2004 y 2005 relacionados a la venta de los IOs y acordaron reconocer esos pagos por $36,032,571 como una contribución regular. También se estipuló específicamente en este acuerdo final que Doral no reclamaría el reintegro de esas contribuciones pagadas de $36,032,571[5]. Más adelante, en septiembre de 2006, el Secretario de Hacienda y Doral acordaron mediante otro Acuerdo Final, que el IO que estaba en los libros y fue eliminado, se mantendría para propósitos de los libros contributivos como un activo independiente de las hipotecas y, al ser un intangible, podría amortizarse por un período de 15 años, que debió comenzar a decursar para el año 2005. Por lo tanto,

[5] "It is agreed that [Doral] will not claim a refund for these income taxes paid", párrafo siete del acuerdo final de fecha del 17 de febrero de 2006.

anualmente y por un periodo de 15 años, Doral podría reconocer hasta cincuenta y nueve millones de dólares ($59.31MM) anualmente como una deducción contra sus ingresos anuales para propósitos contributivos. Esta deducción la podía reclamar cualquiera de las entidades afiliadas a Doral.

El Acuerdo Final de 2012, se suscribió el 26 de marzo de 2012[6]. A través del Acuerdo Final de 2012, el Secretario de Hacienda, entonces Jesús F. Méndez Rodríguez, representado por la entonces Subsecretaria, Lcda. Blanca A. Alvarez Ramírez, reconoció como un sobrepago reintegrable durante un periodo de 5 años, lo que hasta entonces se había reconocido como una deducción por concepto de amortización de un activo que se podía invocar para reducir el ingreso tributable, si alguno, en partes iguales durante un periodo de 15 años (el beneficio contributivo de esta amortización se registró en los libros de Doral como un "Deferred Tax Asset" o "DTA"). Por lo tanto, lo que hasta entonces era un deducción contra el ingreso tributable, por el que se podría reconocer anualmente una deducción de hasta $59.31MM para reducir los ingresos tributables, si alguno, desde el 2005 hasta el 2019 anualmente, se convirtió mediante este acuerdo en un reintegro por "pago en exceso" de **$229,884,087**, que el Estado Libre Asociado de Puerto Rico tendría que pagar en su totalidad durante un período de 5 años que comienza a decursar al arbitrio exclusivo de Doral.

Al día de hoy, Doral está solicitando el reintegro por "pago en exceso" bajo el Acuerdo Final de 2012, a través de su comunicación del 9 de mayo de 2014. En la misma, se solicita el pago de todas las cantidades supuestamente debidas a Doral bajo el Acuerdo Final del 2012. Dicha comunicación especifica que Doral espera el pago inmediato, no empece que el Acuerdo Final del 2012 dispone que, de mediar solicitud de reintegro, el mismo sería durante un periodo de 5 años .

El Departamento se vio obligado a revisar las determinaciones y conclusiones de dicho Acuerdo Final de 2012 dada ciertas particularidades encontradas entre ellas que, al cierre de la contabilidad del año fiscal 2011-12, dicho acuerdo no había sido reconocido en los libros de contabilidad del Estado Libre Asociado, y dado de que se trataba de una cuantía multimillonaria, muy por encima de los acuerdos típicos que se manejan en el Departamento. Generalmente, los acuerdos finales del Departamento son concluyentes. Más sin embargo, dicha autoridad se limita por las disposiciones del Código que establece la misma sección 6051.07. La facultad de formalizar dichos acuerdos se limita a asuntos relativos a contribución impuesta por el Código y tienen fuerza de ley entre las partes salvo cuando se demostrare fraude o engaño o falseamiento de un hecho pertinente.

Decisión

Las determinaciones anteriormente expuestas obligan a concluir que el Acuerdo Final de 2012 es nulo. La información provista por usted en su carta del 23 de abril no altera el resultado de nuestro análisis previo ni apoya una conclusión distinta. Se entiende que el Acuerdo Final de 2012 es resultado de simulación o artificio ilícito. Por tal motivo, y en virtud de la autoridad que tiene este Departamento, lo dejamos sin efecto. En el Acuerdo Final de 2012 se pretendió crear un derecho de reintegro por pago en exceso de contribuciones de $229,884,087 (equivalente a un crédito a cobrar contra el Estado Libre Asociado) cuando en realidad nunca se realizó tal sobrepago y aún de haber existido, hubiese estado prescrito por lo que al momento en que se invocó, no existía.

De estar conforme con esta determinación, o no responder dentro del término de 30 días de la fecha del depósito en el correo de esta carta, la determinación del Departamento advendrá final. De no estar conforme con esta determinación, usted tiene derecho a objetar o protestar la misma dentro del término de 30 días siguientes a partir de la fecha del depósito en el correo de esta carta. Su objeción o protesta deberá especificar sus reparos en detalle. De presentar la misma por correo, debe enviarla a la siguiente dirección: Secretaría Auxiliar de Procedimiento Adjudicativo, Departamento de Hacienda, Box 9024140, San Juan PR 00902-4140. En caso de objetar o protestar la determinación dentro del término indicado, dicha Secretaría designará un examinador para el trámite de la vista administrativa correspondiente. Usted podrá apelar la determinación del examinador.

Atentamente,

Melba Acosta Febo

c: Lcdo. Rafael Blanco Latorre
Comisionado de Instituciones Financieras

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 25, 2014

DORAL FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Puerto Rico	001-31579	66-0312162
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1451 Franklin D. Roosevelt Avenue, San Juan, Puerto Rico 00920-2717
(Address of Principal Executive Offices, Including Zip Code)

Registrant's telephone number, including area code: 787-474-6700

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

Doral Financial Corporation ("Doral") currently carries on its balance sheet tax receivables from the Puerto Rico Government. Certain tax receivables in the amount of $226 million reflecting certain prior year tax over-payments as agreed to by the Department of Treasury under a closing agreement dated March 26, 2012 (the "2012 Closing Agreement").

Doral's insured bank subsidiary, Doral Bank, has been advised by the Federal Deposit Insurance Corporation (the "FDIC") that it may no longer include in its calculation of its Tier 1 Capital some or all of the tax receivables from the Government of Puerto Rico. Puerto Rico tax receivables accounted for $289 million of the bank's approximately $679 million of Tier 1 Capital at December 31, 2013. The FDIC's determination will cause Doral Bank to no longer be in compliance with its capital requirements under its Consent Order with the FDIC. Pursuant to the Consent Order Doral Bank is not permitted to accept, renew, or roll over any brokered deposits unless it has been granted a brokered deposit waiver by the FDIC. In conversations with the FDIC, the FDIC indicated that until such time as Doral Bank provides revised capital calculations that incorporate this & adjusts the FDIC would not consider granting Doral Bank waivers to accept brokered deposits. At April 21, 2014, brokered deposits accounted for approximately 18% of the total funding of Doral's operations. Doral has been working to reduce its reliance on brokered deposits and one of the goals of its current business plan is to eliminate its reliance on brokered deposits. Doral Bank believes that as part of its capital plan it must seek immediate financial support from equity and debt holders and/or external sources.

Under the terms of its Consent Order dated August 8, 2012 issued by the FDIC, in the event any capital ratio falls below the minimum required by the Consent Order, Doral Bank is required to either (i) increase capital in an amount sufficient to comply with the capital ratios as set forth in Doral Bank's approved capital plan, or (ii) submit to the FDIC a contingency plan for the sale, merger, or liquidation of Doral Bank in the event the primary sources of capital are not available within 120 days. Doral also expects that it may have to submit a new capital plan to the Federal Reserve Bank of New York ("FRBNY"), Doral's primary regulatory authority, for approval.

Subsequent to entering into the 2012 Closing Agreement, Doral included the Puerto Rico Government tax receivables as Tier 1 capital at Doral Bank without objection by the FDIC and the FRBNY until this recent determination by the FDIC and Office of the Commissioner of Financial Institutions. Accordingly, Doral continues to believe Puerto Rico Government tax receivables may properly be included in Doral Bank's Tier 1 capital. Doral will be meeting with its regulators to address and to seek to mutually resolve the outstanding issues while preserving its appeal rights as appropriate.

On April 15, 2014 Doral received a letter from the Puerto Rico Department of Treasury ("Hacienda") requesting Doral to provide information to prove that Doral made actual tax payments to Hacienda that are the subject of the 2012 Closing Agreement pursuant to which the Government of Puerto Rico agreed to pay back to Doral its tax over-payments. In addition to the request for information Hacienda asserted that it did not understand the basis upon which Doral would be due a tax refund of $229,884,087 because the refund was due to "accounting" losses versus actual tax payments. On April 23, 2014 Doral responded to the letter from Hacienda and provided copies of tax payments made of approximately $155,634,626 which together with interest entitled Doral under Puerto Rico tax law as of the 2012 Closing Agreement to a refund of $232,089,728.

Doral also explained in its response to Hacienda how Hacienda used the accounting basis of the deferred tax asset held by Doral as recorded in its financial statements to negotiate a lower refund payment than the tax refund that was actually due pursuant to Puerto Rico tax law. In addition, Doral notified Hacienda that the 2012 Closing Agreement expressly provided that it would constitute a violation of the agreement if Hacienda sought to reopen negotiations concerning the tax refund due to Doral. Hacienda sent a copy of its letter to Doral to the Office of the Commissioner of Financial Institutions of Puerto Rico and Doral sent a copy of its response to Hacienda to its principal regulators, the FDIC, the FRBNY and the Office of the Commissioner of Financial Institutions.

Doral is developing a revised capital plan for regulatory approval. Doral currently projects it can continue to finance its operations at least through the remainder of 2014 without the use of additional brokered deposits as Doral currently has other sources of liquidity. Nonetheless, unless Doral can effectuate a capital plan (which would include a recapitalization and restructuring of Doral) that complies with regulatory requirements (1) Doral's financial condition and results of operations will be materially and adversely affected, (2) Doral may not be able to effectuate the recapitalization and restructuring plans that Doral believes are necessary to comply with regulatory requirements or Doral does effectuate such plans that Doral can restructure and recapitalize its balance sheet and businesses on terms that will preserve the value of its outstanding debt and equity, (3) Doral may not be able to obtain on an ongoing basis an unqualified opinion of Doral's independent auditors, and (4) Doral's regulators may take additional regulatory action against Doral . For additional risks see Doral's Annual Report on Form 10-K for the year ended December 31, 2013 as filed by Doral with the Securities and Exchange Commission on March 21, 2014.

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements within the meaning of, and subject to the protection of, the Private Securities Litigation Reform Act of 1995, as amended. In addition, Doral may make forward-looking statements in its other press releases, filings with the SEC or in other public or shareholder communications and its senior management may make forward-looking statements orally to analysts, investors, the media and others.

These forward-looking statements may relate to Doral's financial condition, results of operations, plans, objectives, future performance and business, including, but not limited to, statements with respect to the adequacy of the allowance for loan and lease losses, delinquency trends, market risk and the impact of general economic conditions, interest rate changes, capital markets conditions, capital adequacy and liquidity, and the effect of legal or regulatory proceedings, tax legislation and tax rules, deferred tax assets and related reserves, compliance and regulatory matters and new accounting standards and guidance on Doral's financial condition and results of operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, but instead represent Doral's current expectations regarding future events. Such forward-looking statements may be generally identified by the use of words or phrases such as "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "believe," "expect," "predict," "forecast," "anticipate," "plan," "outlook," "target," "goal," and similar expressions and future conditional verbs such as "would," "should," "could," "might," "can" or "may" or similar expressions.

Doral cautions readers not to place undue reliance on any of these forward-looking statements since they speak only as of the date made and represent Doral's expectations of future conditions or results and are not guarantees of future performance. Doral does not undertake and specifically disclaims any obligations to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of those statements other than as required by law, including the requirements of applicable securities laws.

Forward-looking statements are, by their nature, subject to risks and uncertainties and changes in circumstances, many of which are beyond Doral's control. Risk factors and uncertainties that could cause Doral's actual results to differ materially from those described in forward-looking statements can be found in Doral's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on March 21, 2014 and is available on Doral's website at www.doralbank.com, as updated from time to time with Doral's periodic and other reports filed and to be filed with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DORAL FINANCIAL CORPORATION

Date: May 1, 2014

By: /s/ Glen R. Wakeman
Name: Glen R. Wakeman
Title: President & CEO

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 30, 2014

DORAL FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Puerto Rico	001-31579	66-0312162
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

1451 Franklin D. Roosevelt Avenue, San Juan, Puerto Rico	00920-2717
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (787) 474-6700

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On May 30, 2014, Doral Financial Corporation (the "Company") received a letter from the Federal Reserve Bank of New York (the "FRBNY") stating that the FRBNY had determined that the Company must classify a tax receivable agreement totaling $229.9 million from Commonwealth of Puerto Rico as a loss and write off the asset on the balance sheet of the Company. The FRBNY has the regulatory authority to disqualify the treatment of this Puerto Rico tax receivable as capital at the Company and based upon the Federal Deposit Insurance Corporation's determination to disallow the Puerto Rico tax receivable as Tier 1 Capital at Doral Bank the Company anticipated similar action by the FRBNY. This Puerto Rico tax receivable was contributed to Doral Bank and accordingly the Company disagrees with various elements of the FRBNY's direction to write off the asset at Doral Bank. The Company is seeking to clarify the determination by the FRBNY. In addition, the Company is working to determine whether an impairment charge to the Puerto Rico tax receivables asset in the second fiscal quarter of 2014 is appropriate under generally accepted accounting principles and if so the amount of such impairment. Currently, the Company is not able to reasonably estimate the amount of any such impairment.

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements within the meaning of, and subject to the protection of, the Private Securities Litigation Reform Act of 1995, as amended. In addition, the Company may make forward-looking statements in its other press releases, filings with the SEC or in other public or shareholder communications and its senior management may make forward-looking statements orally to analysts, investors, the media and others.

These forward-looking statements may relate to the Company's financial condition, results of operations, plans, objectives, future performance and business, including, but not limited to, statements with respect to the adequacy of the allowance for loan and lease losses, delinquency trends, market risk and the impact of general economic conditions, interest rate changes, capital markets conditions, capital adequacy and liquidity, and the effect of legal or regulatory proceedings, tax legislation and tax rules, deferred tax assets and related reserves, compliance and regulatory matters and new accounting standards and guidance on the Company's financial condition and results of operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, but instead represent the Company's current expectations regarding future events. Such forward-looking statements may be generally identified by the use of words or phrases such as "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "believe," "expect," "predict," "forecast," "anticipate," "plan," "outlook," "target," "goal," and similar expressions and future conditional verbs such as "would," "should," "could," "might," "can" or "may" or similar expressions.

The Company cautions readers not to place undue reliance on any of these forward-looking statements since they speak only as of the date made and represent the Company's expectations of future conditions or results and are not guarantees of future performance. The Company does not undertake and specifically disclaims any obligations to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of those statements other than as required by law, including the requirements of applicable securities laws.

Forward-looking statements are, by their nature, subject to risks and uncertainties and changes in circumstances, many of which are beyond the Company's control. Risk factors and uncertainties that could cause the Company's actual results to differ materially from those described in forward-looking statements can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on March 21, 2014 and is available on the Company's website at www.doralbank.com, as updated from time to time with the Company's periodic and other reports filed and to be filed with the SEC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DORAL FINANCIAL CORPORATION

Date: June 2, 2014

By: /s/ Enrique R. Ubarri
Enrique R. Ubarri
Executive Vice President and General Counsel