

What is a Community Disaster Loan?

The CDL Program provides money to help local governments remain operating after being impacted by a major disaster.

- ✓ Substantial loss in revenues
- ✓ Loss is related to major disaster
- ✓ Loss affects levels and/or categories of essential governmental services provided prior to the disaster
- ✓ Demonstrated need for federal assistance



417 The Stafford Act

Authorizes FEMA to provide direct loans to **local governments** who have suffered a substantial loss as a result of a major presidentially-**declared disaster** and which can **demonstrate a need** for Federal financial assistance in order to perform its **governmental functions**.

CDL Regulations : 44 Code of Federal Regulations (CFR) Subpart K
Section 206.360-206.367



FEMA



Terms & Deadline

FEMA can sign a CDL up until the last day of the applicant's fiscal year following the fiscal year of the disaster

Duration: 5-year term

Due upon maturity

Interest rate based on U.S. Treasury's 5-year maturity Yield Curve Rate on date FEMA signs Promissory Note

How can the loaned money be used?

Can be used on:

- Existing local operational needs
- Expand such functions to meet disaster-related needs
- Funds can be drawn in the FY of the DR or next 3 FYs



How can the loaned money be used?

Cannot be used on:

- Finance capital improvements
- Repair or restore damaged public facilities
- Pay for non-Federal cost shares or debt service



Eligibility and loan size

Eligibility is based on **revenue losses** caused by the disaster.

- ✓ **>5% revenue loss** on the fiscal year of the disaster or the fiscal year immediately following

How much  ? Lesser of:

- Projected losses for 4 fiscal years; or,
- 25% of operating expenditures in budget for FY of disaster; or,
- \$5 million



CDL Application Process (in a)



CDL Roadmap (Example)

- State conveys interest
- Program details call
- Gather documentation required for analysis
- FEMA completes analysis, prepares paperwork for formal application, and provides forms to applicant
- Formal application (~2-3 months)
 - Applicant
 - Applicant's Governing Body for Resolution – approval to go into loan
 - Collateral Security Agreement – pledge of future revenues
 - State is/is not co-signing loans
 - GAR Recommendation
 - FEMA Regional Office for Administrator recommendation
 - FEMA Headquarters – signs loan

Maintenance, Validation & Cancellation

Yearly request for Audited Financial Statements & Revenue and Expenditure breakdown

Validation of uses of funds through G/L plus supporting reports

Post-disaster 3-year cumulative financial condition

- No cancellation
- Partial cancellation
- Full cancellation

Thank You!

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