

## What is the Community Disaster Loan (CDL) Program?

The CDL Program provides operational funding to help local governments that have incurred a significant loss in revenue, due to a major disaster, that has or will adversely affect their ability to provide essential municipal services.

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 can demonstrate a need for federal financial assistance in order to perform its governmental functions. 44 CFR §206.361(a).

### To qualify for a CDL the applicant / local government must:

- Be located in the presidentially declared disaster area, and the disaster must have adversely affected the level of essential municipal services previously provided. 44 CFR §206.363(b)(2)
- Be able to show a substantial loss (greater than 5%) of tax and other revenues for the current or succeeding year as a result of a major disaster. 44 CFR §206.363(b)(2)
- Not be in arrears with respect to any payments due on previous loans. 44 CFR §206.363(b)(1)
- Ensure state law doesn't prohibit local governments from incurring indebtedness resulting from a federal loan. 44 CFR §206.363(a)(1)

### FEMA will help guide CDL applicants by:

- Explaining the requirements and providing technical assistance to expedite the application and approval process
- Performing financial qualification analysis to determine how much the applicant can qualify for (up to \$5M)
- Helping the local government meet all applicable deadlines

### Apply for a CDL:

- To initiate the process, the Governor's Authorized Representative shall request activation of CDL Program for the specific disaster(s). Please contact the CDL Program Manager, Martha Castro, at [Martha.Castro@fema.dhs.gov](mailto:Martha.Castro@fema.dhs.gov).

### FREQUENTLY ASKED QUESTIONS

#### What can the CDL funds be used for?

Funds must be used to carry on existing essential municipal services or to expand such essential functions to meet disaster-related needs. 44CFR§206.361(f).

#### How long is a local community eligible for a CDL?

The deadline to apply for a CDL is determined from the end of the incident period through the end of the following fiscal year (FY). 44 CFR §206.361(d).

#### What is the limit on the dollar amount of a CDL?

Loan amounts cannot exceed:

- The cumulative estimated revenue loss for the FY of the disaster and the subsequent three FYs; or
- 25% of the approved operating budget of the local government for the FY in which the disaster occurred; or
- the \$5,000,000 loan cap

If the estimated revenue loss for the FY of the disaster is at least 75% of the local government's operating budget for that FY, the loan may be 50% of the local government's operating budget for the FY of the disaster but shall not exceed \$5 million. 44 CFR §206.361(b).

#### What is the term of the loan?

- The term of the loan is five years, and can be extended to 10 years, with an applicant selected payment schedule. 44 CFR §206.361(e)
- The interest rate for the five-year maturities is determined by the Secretary of the Treasury on the date the promissory note is executed by FEMA, adjusted to the nearest 1/8th percent. 44CFR §206.361(c).



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