



## Public Assistance

### 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
- 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 provide 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. 44 CFR §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).*

##### What's the limit on the dollar amount of a CDL?

- *Loan amounts cannot exceed:*
  - o *the cumulative est. revenue loss for the FY of the disaster and the subsequent three FYs; or*
  - o *25% of the approved operating budget of the local government for the FY in which the disaster occurred; or*
  - o *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.*

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

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