

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 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.

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's 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 ten 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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