

Sec. 417. Community Disaster Loans (42 U.S.C. 5184)*

- (a) In General - The President is authorized to make loans to any local government which may suffer a substantial loss of tax and other revenues as a result of a major disaster, and has demonstrated a need for financial assistance in order to perform its governmental functions.
- (b) Amount - The amount of any such loan shall be based on need, shall not exceed
 - (1) 25 percent of the annual operating budget of that local government for the fiscal year in which the major disaster occurs, and shall not exceed \$5,000,000; or
 - (2) if the loss of tax and other revenues of the local government as a result of the major disaster is at least 75 percent of the annual operating budget of that local government for the fiscal year in which the major disaster occurs, 50 percent of the annual operating budget of that local government for the fiscal year in which the major disaster occurs, and shall not exceed \$5,000,000.
- (c) Repayment -
 - (1) Cancellation - Repayment of all or any part of such loan to the extent that revenues of the local government during the three full fiscal year period following the major disaster are insufficient to meet the operating budget of the local government, including additional disaster-related expenses of a municipal operation character shall be cancelled.
 - (2) Condition on continuing eligibility - A local government shall not be eligible for further assistance under this section during any period in which the local government is in arrears with respect to a required repayment of a loan under this section.
- (d) Effect on Other Assistance - Any loans made under this section shall not reduce or otherwise affect any grants or other assistance under this Act.