

P R E S S R E L E A S E

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Contacto : María S. Rosario

Tel: (787) 728-9200 / (787) 722-2525 exts. 2013 y 2014

Cel. (939) 644-4606 / www.gdb-pur.com

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GDB CREATES SPECIAL PROGRAM TO GRANT LOANS TO MUNICIPALITIES AFFECTED BY TROPICAL STORM JEANNE

The President of the Government Development Bank for Puerto Rico (GDB), Antonio Faría-Soto, announced the creation of a special loan program to assist the municipalities affected by Tropical Storm Jeanne in the reconstruction works.

“This program has the advantage of providing emergency financing to those municipalities with no other financing alternatives available, whether it is due to their financial conditions or because they have no borrowing margin available”, explained the GDB President.

GDB has established the following criteria as a priority in granting these funds, as applications are received and evaluated:

- The funds shall be used to cover expenses associated with damages caused by storm Jeanne, especially to acquire equipment and construction of infrastructure.
- Once the required documents are completed, GDB will compute the payment capacity to determine the amount of emergency financing to be granted.
- Each application will be evaluated independently to determine if there is a need to grant a moratorium.
- Interest rate applicable: 1.25% above Libor rate (90 days)

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- GDB will only require the approval of the Municipal Assembly through an Ordinance, thus releasing the municipalities from the requirement of publishing public hearing and ordinance approval notices, as provided in the Municipal Financing Act, and making the process more swift.
- Once all documents are received and signed, GDB will disburse the funds through an account established exclusively for such purposes from which payments will be made directly to each municipality.

The Bank also has a special fund called Special Fund for Loans to Government Entities to provide the financing required by the municipalities.

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