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# County State Of Emergency Becoming State Of Confusion

By PAUL BEATTY  
Sentinel Staff Writer

It's been as much a state of confusion as a true state of emergency in getting federal funds to disaster victims who continue to suffer in this county.

So far, no federal monies have come in, other than enough to relocate eight families. Reports are that hundreds of persons have been dislocated and dispossessed by the floods and mudslides of Jan. 4-5.

No federal, state or county money has come in to repair severed roads or reach the more than 1,100 homes that are isolated.

Federal "living" and "household" kits containing linens, pots and pans and

furniture are enroute to the county, FEMA Coordinator Scott Martin reports.

It will be another month before SBA loans at 8 or 16 percent come in and the emergency grant money for those who cannot repay loans is only now getting into the mail, state social service officials report.

Added to the inadequacy of the federal program to deal immediately with an emergency have been instances of misinformation from the local FEMA office.

As late as Monday, the local FEMA office was stating that renters and homeowners who wanted SBA loans had to go first to local banks and only after being turned down there could they qualify for SBA loans at as low as 8 percent.

That misinformation forced SBA Re-

gional Administrator Irene Castillo to send out a news release stating that borrowers should go directly to the local Disaster Assistance Center at the Veterans Building in Santa Cruz where the SBA will take their applications to determine if the borrower can afford to pay 16 percent or can only afford payments for an 8 percent loan.

The basis for determining if the borrower can pay 16 percent is if the SBA loan officer determines the borrower could repay a loan to a private lending institution.

Whichever rate is given, it is a simple percentage cost, rather than being compounded yearly as is done by banks.

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## Natural Gas Contract With Santa Cruz County

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## COUNTY EMERGENCY

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If the borrower is approved for the maximum \$55,000 at 8 percent and over the maximum 30 years, monthly payments could be at \$165, according to SBA guidelines.

However, there has been a lot of questions asked about this year's SBA program by local authorities, led by county Supervisors' Chairwoman Robley Levy, because prior to last July the loan rate was only 3 percent.

Of 6,459 northern Californians who appear to be eligible for the loans, including the 1,250 from Santa Cruz County, only about 300 have turned in loan forms, according to SBA spokesman Jim Brady.

Local FEMA Coordinator Scott Martin believes it is the bad image of the federal program that is discouraging some persons from applying for disaster relief.

"We cannot make the county or its people whole again and we know there are some holes in the program," Martin said, "but face it, we're practically the only game in town."

His office reported that in the Vista floods in San Diego County in February 1980, more than \$279 million in SBA loans flowed in along with more than \$4 million in direct grants at \$5,000 and less per applicant.

It appears from numbers of applicants the recent disaster is approaching about one half the loss in Vista. However, Martin says the Jan. 5 storm, has cost a greater loss in property than the Mount St. Helens volcano eruption.

All officials at the Disaster Assistance Center in the Veterans Building and at the FEMA offices off south Front street say the immediate help to disaster victims has to come from the Red Cross, Salvation Army and local volunteers, including many church groups.

Martin and SBA officials state their problem is that federal law requires a high degree of accountability and it slows the process to protect the federal money from being ripped-off.

State Social Services representative John Braun states, "If everybody was honest, the aid could be direct and immediate."

"I know it's hard on the people who are suffering, but I've been in this business long enough to know that the bucks are going to come in—and come in fairly large amounts."

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