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U.S. Stands Ready to Extend Loans to Puerto Rico, Mnuchin Says.

- **Treasury Dept. will 'make sure they have the necessary funds'**
- **Puerto Rico governor has criticized disaster loan delays**

The U.S. Treasury Secretary Steven Mnuchin said the federal government is prepared to extend Puerto Rico the loans approved by Congress to help it recover from Hurricane Maria, disputing assertions from island officials that the funds have been needlessly delayed.

"We have a team that stands ready to help them," Mnuchin told lawmakers during a hearing convened by a House of Representatives subcommittee. "We are ready to lend and we are monitoring their cash flows to make sure they have the necessary funds."

The comments came after Puerto Rico Governor Ricardo Rossello said the Treasury was acting "recklessly" by delaying the territory's access to a share of a $4.9 billion loan package that Congress passed in October. The storm exaggerated the financial crisis that had already tipped the territory into a record-setting bankruptcy after a decade of economic decline, population loss and years of borrowing to keep the government afloat.

Puerto Rico, an island of 3.4 million American citizens without a vote in Congress, in November said it will need $94.4 billion from the federal government to deal with the storm damage.

The community disaster loans are aimed at covering only a small share of the toll by helping Puerto Rico make up for tax and utility revenue lost since the storm. Treasury has estimated that amount at about $2 billion for the 180 days after the hurricane.

In January, the Treasury told Puerto Rico it has too much cash to qualify for a loan, given the amounts that the island government had in various bank accounts. The Treasury has said that a loan will be quickly available if Puerto Rico's cash balance drops below $800 million. Puerto Rico had $1.7 billion of available funds in mid February and has since extended a loan to the Puerto Rico electric company to keep it running.

Mnuchin has said little about Puerto Rico, except when prodded during Congressional testimony. Treasury and the White House's budget office declined to name who in the respective agencies is in charge of the Puerto Rico issue, and the January letter to Puerto Rico was signed by deputy assistant secretary for public finance Gary Grippo, a career staffer, instead of one of the top political appointees.

Mnuchin said there's been no decision on whether Puerto Rico's loans will be forgiven, as is common for those extended after natural disasters.

"We're not making any decisions today on whether they will be forgiven or not," Mnuchin said.

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By Saleha Mohsin and Michelle Kaske

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— *With assistance by Yalixa Rivera*

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