

SENATOR PAUL TSONGAS

CondoOwner

300 words

Condominiums are a natural asset in our nation's energy crisis. Multi-unit structures, by design, conserve energy. They use energy efficiently, and that is in the national interest.

Condominium owners would be eligible for additional energy savings under my bill, The Conservation Bank Act of 1979. It would subsidize 5-year loans through existing lending institutions for energy conservation improvements. Owners would save money immediately.

Under this bill, an owner--or an entire condominium association--can contact the local utility for an energy audit. The results include an inventory of conservation measures needed, the potential energy savings, the cost, a list of qualified contractors, a list of qualified financing institutions offering Conservation Bank subsidies, and a comparison of monthly energy savings.

Owners have an option. They can use the federal subsidy to lower the interest rate or to defer repayment of the principal. The subsidy amount is the same in either case.

tsongas - 2

Consider conservation improvements costing \$1400. Let's assume that the subsidized interest rate is 6%. In this case, the borrower pays about \$15 per month, while saving an estimated \$30 on his or her utility. The savings are immediate. Under the option of deferred principal, payments during the first 5 years are between \$8 and \$9 a month, and between \$20 and \$25 a month during the last 5 years, assuming a 7½% interest rate. If the conservation improvements work for an average of 20 years, the federal cost is a bargain-- just over \$1 per barrel saved.

The Conservation Bank is a businesslike mechanism for getting energy savings to Americans as soon as possible. It could be put into operation quickly because it would operate under the Government National Mortgage Association and through existing lending institutions. The Conservation Bank Act (S.1748) has been passed unanimously by the Senate Banking Committee. I'm very hopeful that the Congress will approve it this year.

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