LEVERAGING PRIVATE SECTOR INVESTMENT FOR MULTI-FAMILY ENERGY CONSERVATION: NEW APPROACHES TO CORPORATE/COMMUNITY FINANCING

Anthony E. Smith
Community Energy Development Corporation

ABSTRACT

Creative financing strategies were developed through partnerships between a community based organization and local lenders, foundations, corporations, and utility companies which resulted in energy conservation improvements to over 5,000 multi-family units in Philadelphia over the past two years.

Community Energy Development Corporation (CEDC), a non-profit organization, has developed a portfolio of loan guarantees, below market rate loans, shared savings financing, and leveraged certificates of deposit to provide attractive financing alternatives to rental property owners. These financing mechanisms have enhanced CEDC's ability to overcome traditional barriers to owner-financed energy conservation improvements.

The paper reviews financing mechanisms employed throughout the country for energy conservation improvements to multi-family buildings, highlights their relative benefits and constraints for this type of market, and provides detailed guidelines on how to develop and market creative financing programs. Emphasis is placed on how to market the benefits of multi-family energy conservation to all participants, as well as to show how these financing mechanisms can help support the costs of marketing and delivering energy conservation services.

These financing mechanisms offer a viable alternative to the dwindling federal resources available to address the energy efficiency needs of multi-family buildings housing low income tenants.

LEVERAGING PRIVATE SECTOR INVESTMENT FOR MULTI-FAMILY ENERGY CONSERVATION: NEW APPROACHES TO CORPORATE/COMMUNITY FINANCING

Anthony E. Smith
Community Energy Development Corporation

Often the crux of marketing and delivering energy conservation improvements to multi-family buildings lies in the financing incentives offered to building owners. Non-profit energy service companies in St. Paul, Philadelphia, Boston and Chicago have all developed below-market financing mechanisms to help market their programs. The Philadelphia experience is unique in that it taps into the corporate sector to achieve this purpose, thus enabling the Community Energy Development Corporation (CEDC) to offer a portfolio of private and public sector financing incentives.

Traditional barriers to financing energy conservation in multi-family housing include the following:

* Unavailability of financing: Few lending institutions service this market.

* Overly stringent lending terms: Lending institutions that do offer rental rehab loans seek strong financial positions, positive cashflow, and no more than one mortgage on the property, all or some of which conditions elude many projects, particularly those housing low income tenants.

* Need for alternatives to mortgage financing: Unfortunately, the collateral of choice for many lenders is the property itself, which may preclude financing for low income housing projects.

* Competing capital improvement options: Particularly in buildings where energy improvements can do the most to reduce operating costs due to poor building construction, building owners may have competing capital improvement projects in health or safety areas that must be addressed first.

The benefits of developing a corporate/community financing strategy include the following:

* Fewer program constraints: Corporate public responsibility investors are more interested in seeing to it that the broad outlines of their public investment criteria are met than they are in stipulating detailed regulatory requirements for program

implementers. This is in sharp contrast to most government sponsored financing programs.

* Increased credibility with borrowers: Sometimes the mere mention of government involvement in a financing program will deter potential program participants for fear of costly delays and reporting requirements. CEDC's experience has been that the private rental market responds very favorably to the notion that financing is offered as a partnership with a corporate sponsor.

* Access to large capital pools: Corporate, mutual fund, and pension fund investors are constantly looking for socially responsive, secure, and good yielding investments of their millions of dollars. The challenge for multi-family energy conservation program designers and operators is to develop financing mechanisms that can attract such financing.

A MARKETING APPROACH TO DEVELOPING FINANCING PROGRAMS

A marketing approach to developing financing programs has been adopted by Community Energy Development Corporation (CEDC) as it has worked with several corporate entities in developing financing programs. Such an approach requires an understanding of who the key players are, how they can benefit, and their values systems and their organizational culture.

The key players in financing energy conservation improvements include the borrowers (building owners), lending institutions, secondary loan markets, and loan subsidy sources and loan guarantors. In developing a financing program, the needs, organizational culture and operating methods of these players have to be appreciated and addressed to ensure success of the program.

Borrowers

Building owners are motivated by a variety of reasons to invest in rental property improvements. These include a desire to reduce operating costs, and therefore improve the cashflow of a building, as well as to reduce maintenance costs. For some the motive is to enhance the property value of a building, as well as to reduce vacancy rates through highly visible improvements (i.e., storm windows) which may in some cases take precedence over more cost effective but less visible improvements (i.e., roof insulation). CEDC has found that many of these concerns can be reduced to a single common variable, namely, "positive cash flow." Exceptions to this principle come into play when an owner is considering the sale of the building, in which case large capital expenditures for energy efficiency can increase debt service beyond the parameters of optimal return. On the other hand, ignoring needed tenant or finish

improvements can affect the level of attainable rents, thus diminishing the level of debt service a building can support. In sum, positive cash flow has proven a reliable incentive with which to promote energy efficiency investments to building owners, but this must be carefully weighed with the building owner's investment philosophy and the particulars of the building in every case.

As CEDC develops a package of energy conservation improvement recommendations for a client, it incorporates debt service for financing the improvements in the cashflow projection. The payback analysis for various combinations of energy improvements is arrived at from computer-generated heat loss calculations taking into account the conduction, infiltration, and thermal capacity of the building, and efficiency of the heating system. The loan term is then adjusted to assure a positive cashflow. In this way we can present the prospective borrower with a scenario for making energy improvements which cover financing costs through energy savings. In cases where the client is strongly biased to make improvements which we would not otherwise recommend from an energy efficiency perspective (i.e., replacement windows where storm windows would suffice), we note that in our cashflow analysis, so that the client understands that other reasons such as improved property value have dictated that particular investment option.

In the four years CEDC has offered technical and financing services to building owners, we have found that there is a strong correlation between the level of investment made by owners and the availability of Solar Bank principal write-downs and/or other low interest financing. As the cost of financing is reduced, the cashflow scenarios improve for the more capital intensive investments.

Lending Institutions

There are many types of lending institutions, yet few real players when it comes to energy conservation improvement financing for rental housing. Commercial banks as a whole are generally unwilling to lend to this housing sector, particulary when loan amounts are less than $50,000. Community credit unions often find themselves constrained by geographic boundaries or an inability to provide loans to corporations. Savings and loans institutions can be a good resource, especially when they see an opportunity to reduce the vulnerability of their existing mortgage portfolio to loan defaults resulting from unmanaged energy costs. Also banks can sometimes be persuaded to look upon such lending as a way to bolster their compliance with the provisions of the Community Reinvestment Act (CRA), which requires that banks make some effort to provide loans in the communities where their businesses are located.

Loan Guarantors and Subsidies

Certain HUD/FHA loan guarantees such as the Title 1B (for loans up to $47,500) and the Section 241 (loans from $10,000 and up) help make it more possible for traditional lenders to make loans as second and third mortgages on multi-family buildings. In certain states such as Minnesota, state loan guarantee programs also help make financing accessible. In addition, certain other programs, such as the recently scrapped HUD Solar Bank program reduce the cost of financing through principal and interest write-downs. Foundations and publicly responsible corporate investors represent a good source for loan guarantees and principal write-downs.

Corporate Investors

Certain large corporations have developed "program related investments" (PRI's) to channel charitable and public responsibility investments in support of community economic development. Examples of these include the Local Initiatives Support Corporation (LISC), the CIGNA Corporation, Working Assets money market fund, and numerous others. Each entity has to exercise the rule of the "prudent person", of investing in projects with no greater risk than would be exercised by a prudent person. Although each has its own criteria for risk assessment and security requirements, these low cost loan sources represent one of the most promising sources of capital for energy investments.

Utility Companies

Public and private investor utility companies have increasingly come under the public eye and regulatory directives to sponsor energy conservation efforts to help alleviate the problems of "payment troubled customers," that is, low income customers having difficulty paying their bills. These problems are felt by utility companies in the form of customer complaints and unpaid utility bills. In addition, some utilities have taken a more active interest in energy conservation as a means for deferring and/or offsetting the need for building additional generating capacity, as in the case of PG&E in California and the Burlington Electric Department in Vermont. Still other utility companies have capitalized on energy conservation as a means for enhancing their market share, as in the case of the Philadelphia Gas Works. Whatever the motive, utility companies are increasingly incorporating energy conservation investment as part of their corporate mission, and a variety of financing programs have resulted.

A number of utility companies have learned the hard way that while they may desire to develop a financing program for energy conservation, they are poorly equiped to originate and service energy conservation loans themselves for the multi-family market. Unlike the single family market, where the size of loans is smaller and can be justified on the basis of a customer's utility credit rating, loans for rental properties are much larger and require more stringent underwriting criteria. Successful hybrid

programs have evolved where utility companies provide the capital for loans or loan subsidies, while leaving to traditional lenders or energy service companies the task of loan origination and loan servicing.

Secondary Loan Markets

Secondary loan markets greatly influence the availability of loan capital for energy conservation improvements. For instance, in the Spring of 1986 when FHA's budget ceiling was reached as a result of the flood of mortgage activity stimulated by low interest rates, it created a temporary lull in loan origination for Title 1B loans. Fannie Mae and Freddie Mac have promulgated regulations encouraging lenders to incorporate energy conservation into their underwriting criteria. Fannie Mae will allow one to two percent higher housing debt to income ratios over the normal 28% for homes certified to be energy efficiency. Freddie Mac has a somewhat more flexible approach, allowing up to 4% increase in the debt to income ratio, depending on the energy efficiency rating of the home or an analysis of the actual operating costs of the building.

Energy Service Corporations and State Housing Financing Agencies

Perhaps the most promising direction for energy conservation financing is for non-profit energy service corporations to become the direct loan originators, as in the case of the Energy Resource Center in St. Paul and the Citizens Conservation Corporation in Boston. Under both these scenarios the non-profit resells its loans to the state housing financing agency. This removes the major hurdle of relying on private lending institutions to originate loans for a loan market they do not perceive to be profitable. In fact, whereas Citizens Conservation Corporation in Boston began their financing program by working with a lending institution, they later evolved their financing program to one where they now originate loans with the state Housing Finance Agency. It has been their experience that this approach provides greater program flexibility and less expense in transaction and delay costs as compared with working with a private lender.

THE PORTFOLIO STRATEGY TO PROGRAM DEVELOPMENT

In light of the great variety of financial needs and conditions in the marketplace, and the susceptibility of the rental housing market to changes in its environment, two objectives in developing a financing program are as follows:

* Respond to diverse market conditions and borrower needs.

* Maintain continuity of programming.

These objectives can be translated into program design principles as follows:

* Develop diversity of financing mechanisms.

* Seek diversity of capital sources.

The effectiveness of a financing program is greatly influenced by a number of factors, including energy costs and financing costs. This can be very simply expressed in the relationship:

$$I = f\left(\frac{E}{F}\right)$$

where

I = Investment Activity
E = Energy costs
F = Financing Factors

Energy costs are usually associated with those costs that are directly felt by the landlord, as in the case of master metered buildings. However in many cases it can also include indirectly felt costs, as in buildings with tenant paid utilities which also have high tenant complaint, vacancy, and turnover costs.

Financing factors include interest rate, points, loan term (the longer the term, the more likely that a positive cashflow can be achieved on an energy investment), loan security costs, and processing costs. Loan security costs can be rather steep, such as mortgage financing or requirements for personal guarantees or standing letters of credit (ranging in cost from 0.25 to 3.0 percent). Processing costs include a diverse array of costs, such as technical analysis fees, loan application and credit checking fees, time-consuming paperwork requirements, complexity of financing mechanism, processing delays, and infringement of privacy in the underwriting process. On the other hand, these financing factors can be mitigated to some extent by improving the accessibility of the financing portfolio through marketing and education efforts, continuity of programming, reducing entry costs, and creating mechanisms tailored to specific market segments (i.e., small building proprietors as well as large rental property syndicates).

When energy costs are high or when they represent a significant part of a building's operating costs, an opportunity exists for offering market rate financing. As energy costs diminish, more emphasis is needed on attractive below-market rate financing, including lower interest rates, longer loan terms, lower points, and faster loan processing. The inverse relationship between energy costs and financing costs is dynamically related to changes in the environment, such as falling oil prices or

lowering interest rates. As these variables change, the investment activity will also change, reflecting a balance point at which building owners can still achieve positive cash flow to cover their investments, including debt service, through energy savings.

FINANCING STRATEGIES

A variety of strategies can be called into play in developing a financial program portfolio, as outlined below and more fully described through case study examples in the following section:

* CONVENTIONAL LOANS
  - Secondary and Tertiary Mortgages
  - Refinancing
  - Commercial Loans
* LOAN GUARANTEE PROGRAMS
  - FHA Insured (Title IB and Section 241)
  - Foundation Loan Guarantees
* ENERGY SAVINGS LOANS
  - Shared Savings
  - Guaranteed Savings
* INTEREST/PRINCIPAL WRITE-DOWNS
  - Utility Sponsored
  - Foundation Sponsored
  - Solar Bank
  - Oil Overcharge Funds
* SHARED LOANS W/ CORPORATE OR FOUNDATION CD'S

CASE STUDIES IN CORPORATE/COMMUNITY FINANCING PROJECTS

The following represents a few examples of projects which CEDC has been involved with from design through implementation, and some of the strengths and weaknesses of each.

Case Study #1: Shared Energy Savings Program

In 1983 CEDC approached the Local Initiatives Support Corporation (LISC) to help CEDC put into place a shared energy savings program. The rationale was to enable CEDC to make energy improvement investments through its own capital, and reap the return on those investments through energy savings. CEDC's business plan showed cashflow projections from several projects creating a growing source of general operating revenues for CEDC based on investments that would generate positive savings.

LISC's requirement was that it not loan the funds directly to CEDC, but that LISC deposit the funds ($45,000) in one year CD's with a lender willing to lend to CEDC at the rate of 2% over the CD rate earned by LISC. The CD's would serve as loan guarantees, and enable the bank to make "shared loans" to CEDC. CEDC was fortunate in finding a lender, Atlantic Financial Federal (AFF), a large savings and loan institution with operations in several states, that in practice has loaned the funds to CEDC at 2%, considerably well below market rate. At the end of each year AFF and LISC evaluate CEDC's default rate (presently zero) so that AFF can provide up to four times the original CD deposit at market rates to CEDC in subsequent years.

CEDC has invested $40,000 to date in three projects representing 145 units of Section 8 housing. Savings projections of 25% were not achieved, and the project has been an expensive learning lesson. Actual savings of approximately 15% were achieved, notably for the following reasons:

* Building management tampering with equipment. Often CEDC technical crews found control equipment disconnected, as building maintenance personnel responded to tenant complaints of inadequate heat by turning up the heat.

* Faulty equipment. Sophisticated energy management control equipment malfunctioned, and had to be sent back to the factory, thus losing two months of controls during the peak heating season.

* Poor building maintenance. Building management did not cooperate in replacing broken glass windows and repairing loose fitting doors as required in the contract. We later learned from the building owner of his desire to sell the property, and this lack of attention to maintenance reflected his general attitude of disinvestment in the property.

CEDC has recovered part of its investment as a settlement with the building owner on one of the properties he sold. CEDC has declared a contract default with the building owner and is presently trying to recover the rest of its investment, and may have to exercise its UCCl (i.e., Uniform Commercial Code equipment lease lien) on the buildings.

CEDC's shared energy savings program (SESP) approach differs from the guaranteed energy savings program (GESP) approach of the Energy Resource Center and the Citizens Conservation Corporation, as follows:

	SESP	GESP
Borrower	ESCO	Building Owner
Equipment Owner	ESCO	Building Owner
Utility Bill Payor	Building Owner	ESCO

Both SESP and GESP share in common a full service concept towards energy management and financing, and both remove any risk to the building owner that the recommended improvements will not yield the energy savings. For building owners unsure of the technology or very adverse to risk, this provides a mechanism to ensure that irrespective of the actual energy savings, that the debt service on the financed improvements will be met without creating any drain on the building's existing cashflow. The high administrative costs and risk to the ESCO in offering this type of financing have to be offset by sharing a substantial amount of the energy savings, over and above the cost of debt service and maintenance costs on the equipment, with the ESCO.

With SESP financing, the building owner is essentially leasing equipment owned and maintained by the ESCO over a period of years, for an agreed upon share of the energy savings over a baseline period, adjusted for weather differences. This enables the building owner to make building improvements through "off balance sheet" financing, thereby maintaining the existing debt to equity level in the building. By maintaining the equity level in the building through SESP for the energy efficiency improvements, the owner enjoys more flexibility to consider other financed improvements to the building. CEDC'S SESP approach has had the additional benefit of stimulating building owners to assume the risk of investment themselves, thereby accruing all of the savings, once they realize CEDC has the ability and interest in making the investment itself to reap the profits.

With GESP financing, the building owner owns the equipment outright, and thus can take advantage of any tax depreciation on the equipment. The disadvantage to the owner is that this does constitute a loan which will be reflected in the balance sheet, thus perhaps limiting flexibility for financing other building improvements.

Another significant difference between the SESP and GESP financing approaches is that under SESP the building owner pays the utility bills directly. Under GESP, the owner pays to the ESCO the same as he or she would have paid to the utility company had no improvements been made, and out of the diffence between the old and the reduced utility costs the ESCO pays the debt service and its own maintenance and management fees. This entails a somewhat higher transaction cost and exposure for the ESCO (i.e., building owners making late monthly payments will add to the time value of money to the ESCO in meeting utility bill and bank debt service payments) than is experienced under the SESP plan. Nevertheless, both approaches represent very customer intensive contracts, as the ESCO has to continually monitor energy consumption patterns and maintain equipment to peak efficiency over a period of years.

Case Study #2: PGW 8% Loan Program

In 1984 CEDC approached the Philadelphia Gas Works (PGW) about a joint venture to help market Solar Bank principal write-down subsidies in the Philadelphia area. PGW responded by offering to make available a capital loan pool of $500,000 at 8% interest for five year loans to building owners willing to make improvements to gas heated buildings.

The program proved to be very popular, and funds were exhausted in approximately one year in a variety of projects. The low interest money was coupled with the 20% principal write-down offered by the Solar Bank program. The availability of this low cost capital made it possible for one building owner to consider acquiring and renovating an 89 unit vacant building and installing a state-of-the-art dual fuel boiler and controls for the steam heat system. The program also proved helpful to a dozen other building projects, ranging in scale from 5 unit buildings to a 300 unit co-op housing building. CEDC's role was to perform all of the marketing, technical analysis, and loan packaging. PGW reviewed the specifications, and processed the loans internally.

The funds would have been used more quickly had certain administrative problems been avoided. Many of these had to do with PGW's learning how to originate and service loans for commercial clients. PGW required personal guarantees or letters of credit to secure its loans, since PGW had no interest in foreclosing on properties in cases of loan default. In many instances these security requirements created delays in closing the loans, as well as adding costs for the clients. In any subsequent phases of PGW financing programs, PGW management involved in developing the pilot program and CEDC have agreed that it is not in PGW's best interest to serve as loan originator and loan servicer, as those functions are not traditional functions for the company. An alternative model which may be explored is for PGW to invest certificates of deposit with a lending instution which in turn will perform the loan origination and loan servicing, modeled after the CEDC/CIGNA Shared Loan program (see case study #4 below).

Case Study #3: PP&L 6% Interest Write-Down Program

In the fall of 1984 the Pennsylvania Power & Light Company (PP&L) approached CEDC about helping them to design a multi-family marketing, financing, and service delivery program for their 10,000 square mile service area. The objective was to relieve the burdens of payment troubled customers in both individually and master metered buildings.

PP&L's initial idea was to create a $300,000 revolving loan pool. That option was quickly discarded when CEDC pointed out certain advantages of developing an interest write-down program, such as:

* Leveraging of funds 10 to 1 by having building owners borrow the principal from lending institutions and using PP&L funds to write down the interest.

* Lowering administrative costs, since the banks perform the necessary underwriting and servicing of loans.

* Creating a program adapted to different market segments, such that in individually metered buildings where owners refuse to make improvements, PP&L will pay for the installation of low cost measures to reduce infiltration and increase tenant comfort.

The program design was completed in March, 1985 together with a comprehensive program manual. Marketing and coordination of all services was performed by for-profit and non-profit agencies in PP&L's six territories, with limited marketing support from PP&L. After the training for the service coordinators was completed in August, 1985, the service coordinators helped to start construction and obtain commitments on the weatherization of over 1,600 units, of which approximately 50% were loans, and the balance free low cost measures.

Since PP&L had committed itself to the Public Utilities Commission (PUC) to meet certain program objectives by the end of the year, and since the program did not become fully operational until the early fall, the focus of marketing efforts by PP&L and its service coordinators were large Section 8 professionally managed properties. The program proved to be an excellent test of whether the marketing, financing, and technical methods used by CEDC were transferable to community action agencies with no prior experience in marketing services on a fee basis. In the short time the program was operated in 1985, four out of the six contractors performed better than anticipated. It demonstrated that an effective partnership could be achieved among utility, community, and bank interests. Unfortunately, PP&L overspent its buget for 1986 on the single family weatherization program, and has temporarily suspended its multi-family program. The design of the program is now being reviewed by the PUC, PP&L, and the program participants in anticipation of reviving it in some form next year.

Case Study #4: CIGNA Shared Loan Program

CIGNA Corporation has invested $500,000 in a program with CEDC and Atlantic Financial Federal (AFF) in two investment pools. One consists of a low interest loan of $100,000 to CEDC for CEDC's shared energy savings program. The second consists of $400,000 in long term certificates of deposit with AFF, as a shared loan program to make low interest loans available to CEDC's clients. CIGNA's CD's are not used as security on the loans to the property owners. Instead, AFF secures the loans as second or third mortages on the properties, and obtains HUD Title 1B 90% loan guarantees. The Title 1B program allows for loans up to $47,500 for 15 years. The loan term is especially attractive to CEDC clients, as it enhances cashflow for the buildings. CEDC is presently exploring with AFF the applicability of the HUD Section 241 program, which is specifically tailored to energy conservation loans in multi-family buildings, for loan amounts of $10,000 or greater.

The CIGNA shared loan program was just put into place in November of 1985, after over one year of negotiations with CIGNA and AFF. It is thus too soon to make any evaluation of this program's impact, although the client response has been most encouraging. CIGNA is able to use its program related investment funds to generate public responsibility activities, while having its funds completely secured and earning interest at 7%. In addition, CIGNA was able to write off more than $140,000 as a charitable contribution, as the calculated difference between what CIGNA could earn with these same funds at market rates. AFF loans to CEDC clients are at 2% over the CD rate paid to CIGNA (i.e., 9%), which at this writing is still attractive to property owners despite the decline in interest rates since the fall of 1985. CEDC earns three points on the principal value of the loans for loan processing, and in addition CEDC charges fees for completion of a building technical analysis ("Energy Investment Plan") as a condition for access to these funds. In addition, CEDC requires that tangible benefits to tenants, such as comfort improvements in their apartments or quality of life improvements to the building as a whole be included in the work scope.

CONCLUSION

The non-profit practitioners of multi-family energy conservation have formed a national association with representatives from government research labs, utility companies, and other interested parties to form the Energy Practitioners Exchange (EPE). In many ways EPE members from St. Paul, Philadelphia, Chicago, and elsewhere are on the cutting edge of developing financing mechanisms to help market energy conservation, in a field which represents a relatively new area of public and private endeavor. Early efforts in shared energy savings programs suggest that this approach, while an effective marketing tool, has serious pitfalls and

high administrative costs to carefully consider. At the other end of the spectrum, more conventional financing approaches often fail to provide the degree of responsiveness and attractive terms which are needed to overcome the many barriers to energy efficiency investments in rental properties. Areas which seem to provide the greatest potential at this time include the role of non-profit ESCO's as loan originators with state housing finance agencies, as well as the use of shared loans with corporate program related investments.

CEDC PROGRAM INITIATIVES

Community Energy Development Corporation (CEDC), a non-profit 501 (c) 3 corporation, was organized in 1981 by community and business leaders to channel capital and jobs into the community through building energy conservation improvements.

The direct beneficiaries of CEDC's activities include thousands of low income families whose apartments and homes have been weatherized by CEDC, families and non-profit institutions who have lowered their fuel oil costs, utility ratepayers who benefit from conservation programs designed by CEDC, minority residents who learn new job skills, and the community as a whole in increasing the dollars that are redirected towards more job-creating activities.

CEDC has developed a variety of programs and services in response to client needs, including the following:

* Energy management technical services
* Below market rate and shared energy savings financing
* Weatherization contracting
* Utility/public agency program consulting
* Oil discount program
* Non-profit management consulting

Over 80% of the costs of the above programs are covered through fees for service, and the balance through grants to support CEDC's educational and charitable functions related to the above activities.

CEDC has initiated a number of financing strategies, both for the programs it administers in the Philadelphia area, as well as for utility companies outside of Philadelphia. Financing programs include loan guarantees, shared savings, shared loans through corporate certificates of deposit, and interest and principal write-down programs.