



Louisville Energy Project Assessment District (EPAD) NOTICE OF PROPOSED EPAD SPECIAL ASSESSMENT

Date

«Lender_Name»

«Lender_Address»

«Lender_City», «Lender_State» «Lender_Zip»

Loan Number: «Loan_Number»

Property Address: «Property_Address»
«Property_City», «Property_State» «Property_Zip»

Property Owner: «Property_Owner»

Parcel ID(s): «ID_Number»

Purpose of this Notice

«Property_Owner» wishes to install energy upgrades to the property using the EPAD financing mechanism established in KRS 65.205 et seq. (the Kentucky Energy Project Assessment District Act of 2015), and Chapter 165 of the Louisville Metro Code of Ordinances, and seeks your consent as the holder of a note secured by the property to do so.

“Special Assessment” is defined as a voluntarily-assumed annual assessment (i.e., loan payment) charged to the property owner. The assessment includes fees due as a result of participation in the EPAD Program. All fees are calculated from the original assessment amount for that term.

As required by the Kentucky Energy Project Assessment District Act of 2015, «Property_Owner» is sending this Notice of Proposed Special Assessment to the mortgage lien holder in order to:

- Provide notice of the proposed participation of the property above in EPAD financing;
- Request confirmation from you (the current mortgage lien holder) that the levy of the Special Assessment pursuant to the Assessment Agreement will not trigger an event of default or the exercise of any remedies under the Loan documents;
- Provide notice that the Special Assessment will be collected in installments through a special assessment administered each July by the Sheriff in the same manner as a property tax bill and subject to the penalties and lien priorities as described in Chapter 165 of the Louisville Metro Code of Ordinances; and
- Provide notice with respect to the «Property_Owner» agreement to pay on a timely basis both the existing obligations secured by the property (including the Loan) and the proposed Special Assessment.



Background on the EPAD Act of 2015

In 2015, Kentucky adopted House Bill 100, the Energy Project Assessment District (EPAD) Act (KRS 65.205 – 65.209), which enables owners of non-residential property and multifamily housing greater than five units in the Commonwealth to finance energy efficiency, renewable energy and water efficiency upgrades to their real property through a voluntary special assessment administered in a similar manner as a property tax bill. EPADs may provide property owners access to affordable, long-term financing that have been demonstrated to increase the value of their buildings and reduce annual operating expenses.

Why should you provide consent?

- Improvements financed through EPADs are designed to reduce building operating expenses thereby improving the cash flow of the property owner.
- EPAD assessments do not accelerate. In the event the mortgage holder forecloses on the property for any reason, only the amount of the assessment currently due and/or in arrears would become due. In the event of a property sale, EPAD assessment transfers to the new property owner.
- Improvements financed through EPAD have been demonstrated to increase the value of properties and may reduce maintenance and repair costs. In addition, energy improvements may increase the efficiency, health, and comfort of a building, making it more attractive to tenants and future owners.

What should you know?

«Property_Owner» has indicated its intention to apply for EPAD financing for energy efficiency improvements on the property listed above. The special assessment is to be levied on the property pursuant to an agreement among the property owner, the lender and Louisville Metro Government. The proposed payment terms consist of the following:

Total cost of improvements:	«Total_cost_of_improvements»
Total financing requested:	«Total_EPAD_financing_requested»
Term of repayment period:	«Term_of_repayment_period_»
Total estimated annual payment (“Special Assessment”):	«Total_estimated_annual_installment_»



Estimated Benefits of the Authorized Improvements

Based on the contractors' estimates, which rely on certain assumptions, the following cash flow savings resulting from the installation of the Authorized Improvements are expected to accrue to the property:

Electricity bill savings:	«Electric_Bill_Savings_»
Natural gas bill savings:	<Natural Gas Bill Savings>
Water bill savings:	<Water Bill Savings>
Other savings:	«Other_Savings_specify_»
TOTAL annual savings:	«Total_Savings»

NOTE: The savings noted above represent estimates based on the assumptions contained in estimates provided by contractors. Actual results are likely to vary and may be greater or less than estimated.

Execution and Return of Consent

If you are in agreement with the terms included in the attached Lender Consent to Proposed Special Assessment, please execute the consent document and return it to the undersigned at your earliest convenience.

«Property_Owner»
«Current_Address»
«Email»
«Phone_Number»

Questions may be addressed to the «Property_Owner» or to the EPAD Program Administrator: Louisville Metro Government Office of Advanced Planning and Sustainability, sustainability@louisvilleky.gov, 502-574-6285.

Very truly yours,

Signature of Property Owner/Borrower

Name of Property Owner/Borrower

Date



APPENDIX A: Energy Project Assessment District Program Ordinance