

Council Business Meeting

June 15, 2021

Agenda Item	Resolution No. 2021-15 Establishing the On-Bill Financing Program	
From	Stu Green	Climate and Energy Analyst
Contact	Stu.Green@ashland.or.us ; 541-552-2085	

SUMMARY

The Council is asked to adopt a Resolution establishing the On-Bill Financing Program. Formally establishing this program by resolution is a requirement that will allow Ashland Electric staff to apply for a zero-interest Federal loan. The loan will be used to capitalize a \$10 million program designed to fund ratepayer energy efficiency and renewable energy projects. If created, this program will enable significant reductions in greenhouse gas emissions and will contribute to a more resilient Ashland.

POLICIES, PLANS & GOALS SUPPORTED

The On-Bill Financing Program supports Ashland's Climate Action Goals to reduce greenhouse gasses, increase resilience, and make wise use of resources. The On-Bill Financing Program aligns with implementation strategies adopted in Ashland's 2017 Climate and Energy Action Plan.

CEAP Goals Supported

Overall Goal 1. Reduce Community GHG Emissions.

Overall Goal 2. Prepare Ashland to be more resilient to climate change.

Goal BE 1. Reduce GHG emissions associated with Ashland's building energy use.

Goal BE 2. Increase energy and water efficiency in City and Private buildings.

Goal BE 3. Protect Ashland's building stock and energy supply from climate impacts.

Goal ULT 1. Reduce transportation GHG emissions.

Goal ULT 4. Support local and regional sustainable growth.

Goal CC 2. Integrate climate change considerations into day-to-day City operations, planning, and decision making.

Goal PHSW 1. Protect public health from air pollution and climate impacts.

CEAP Strategies Supported

Strategy BE-1. Support cleaner energy sources.

Strategy BE-2. Encourage increased building energy efficiency and conservation

Strategy ULT-3. Support more-efficient vehicles

Strategy CC-4. Engage with other governments and organizations around regional, statewide, national, and international climate policy and action.

CEAP Actions Supported

Action BE-1-2. Promote switching to low and non-carbon fuels.

Action BE-2-1. Increase outreach efforts to expand participation in energy efficiency programs and promote climate-friendly building and construction.

Action BE-1-3. Facilitate and encourage solar energy production.

Action BE-2-3. Identify and adopt strategies to reduce energy efficiency barriers in rent/lease properties.

Action BE-5-1. Encourage heat-tolerant building approaches such as cool roofs and passive cooling.

PREVIOUS COUNCIL ACTION

NA

BACKGROUND AND ADDITIONAL INFORMATION

High up-front costs and lack of access to financing are significant barriers to investing in energy efficiency and renewable energy improvements. The purpose of this program is to increase access to financing and promote investment in energy efficiency and renewable energy by providing affordable loans that customers can repay on their monthly electric bills.

Ashland Electric has been invited to apply for a \$10 Million, zero percent interest, 20-year loan designed to support rural utility energy savings. This is an unmatched opportunity to access Federal funds from the United States Department of Agriculture (USDA) to make existing buildings more efficient. Rural Energy Savings Program (RESP) funding would be used to capitalize the newly created On-Bill Financing Program.

The On-Bill Financing program is designed to provide easy, affordable loans to building owners for approved energy efficiency and renewable energy improvements. Customers pay back the loan through a charge on their utility bills. The loan repayment is considered part of the charges for electric services to the property. The On-Bill Financing program will lend utility customers up to \$30,000 to implement approved energy efficiency and renewable energy measures. Loans to ratepayers will offer a low, fixed-interest rate.

The On-Bill Financing program will allow building owners to voluntarily complete significant energy upgrades with minimal upfront cost. Ashland's program builds on the successful framework of other rural utilities' on-bill financing programs that have leveraged RESP funding.

The USDA application includes numerous boiler-plate documents intended to be filled out by entities applying for Federal funding. Staff will complete these documents once City Council endorses the program concept.

Council approval of the attached resolution City of Ashland will enable staff to proceed with a formal application to the USDA Rural Energy Savings Program. Staff has invested considerable time in developing the attached On-Bill Financing Program, which accurately reflects the program that will be presented in the USDA application. Ashland Electric and City Council will have opportunities to fine tune the program in the future.

Additional program history

Upfront costs are a well-known barrier to building energy upgrades. Seeking to build on the historical success of Ashland's Conservation loan, staff have explored numerous program options over the years.

- In late 2017 staff drafted an expansion of the existing Conservation Loan program, but no City funding was available to expand the new program.
- In early 2018 staff consulted with local banks about funding, but interest rates were high enough that there was insufficient value proposition for ratepayers or the City.
- In Summer 2020 staff learned of additional funding opportunities available from USDA. Staff forwarded a letter of interest to USDA, along with the draft on-bill financing plan. In Fall 2020 staff received a message that funds had been allocated elsewhere, and Ashland would not receive funding for the program.
- In late 2020, staff worked with members of the Climate Policy Commission to re-tool the loan program again, this time shrinking the scope to match an extremely limited budget. CPC reviewed the program design in early 2021 and voiced support for creating the program.
- In early April 2021 staff was contacted by USDA again and invited to apply for newly available RESP funds. Staff have spent the past several weeks updating and refining the program to sufficiently meet USDA requirements. Utility staff were given 90 days to complete the formal application, which is due on July 6, 2021.

FISCAL IMPACTS

Detailed ten year financial forecasts are attached to this communication. This program would require the outsourcing of several aspects, likely including Program Administration and Loan Origination services. Some aspects of the program would be handled by existing staff resources, including collecting monthly payments on utility bills,

providing outreach, and offering financial incentives for specific upgrades (all three of these activities are services that City of Ashland already provides). Conservation Division may shift duties of some staff to adequately support this program during the 21/23 biennium, but no additional staff will be hired to support this program.

Any outsourced, new services will be paid by loan origination fees. Any increase in utility billing labor will be paid through the interest assessed to each loan. By design, the On-Bill financing program will cover its own costs.

STAFF RECOMMENDATION

Staff recommends approval of the resolution.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

1. I move to approve Resolution No. 2021-14 to Create the On-Bill Financing Program.
2. I move to approve Resolution No. 2021-14 to Create the On-Bill Financing Program, and direct staff to provide a progress report to Council within <six to eight> months.
3. I move to not approve the Resolution to Create the On-Bill Financing Program.

REFERENCES & ATTACHMENTS

All of the attachments below are required for Utility staff to submit a formal application for RESP funds. The attachments in bold are the most relevant for understanding the On-Bill Financing program and enabling staff to take the next step. The un-bolded attachments are also vital to the application, but they are boiler-plate forms that are not specific to the design of the On-Bill Financing program.

Attachment 1: Formal Application for RESP Funds

- Cover Letter
- **Board Resolution**
- [City of Ashland Charter](#)
- RESP Multi-tier environmental agreement
 - RESP Multi-tier environmental agreement eligible activity environmental requirements
- **Long-term financial forecast Ashland Electric On-Bill Financing program**
- **On-Bill Financing Implementation Workplan**
- Staff Bios
- Attorney's Opinion Letter
- Form 400
- AD1049 form for Grantees Other Than Individuals
- AD 1047 Certification Regarding Debarment, Suspension, and Other Responsibility Matters
- Lobbying Certification
- Federal Debt Delinquency Certification

<Date> of Loan Application Board Meeting>

Rural Utilities Service, Electric Programs
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
STOP 1560, Room 5138, South Building
Washington, D.C. 20250-1510
Attn: Mr. Christopher Mclean

Subject: Ashland Electric Rural Energy Savings Program (RESP) Loan Application
IRS Taxpayer ID # 93-6002117
DUNS# 076395508; SAM # 076395508 / 31KS2

Dear Mr. McLean:

We are forwarding for your consideration our completed Rural Energy Savings Program (RESP) loan application in the amount of \$10,000,000 along with a copy being forwarded to our RESP General Field Representative.

As required under the loan application checklist, the following are attached:

1. Application Cover Letter signed by highest ranking officer.
2. Signed Board Resolution approving the establishment of the program.
3. Articles of Incorporation and Bylaws or other applicable organizational documents.
4. Multi-Tier Action Environmental Compliance Agreement.
5. 10 Year Long Range Financial Forecast to include:
 - 5.1. Current and Projected cash flows
 - 5.2. Pro forma balance sheet
 - 5.3. Financial goals for margins, debt service, coverage, equity, etc.
 - 5.4. Assumptions, supporting data, analysis
 - 5.5. Current and projected income and expenses
 - 5.6. Itemized budget and schedule, discussion of loan loss reserve
 - 5.7. Sensitivity analysis if required by RUS
6. Implementation work plan.
7. Quality assurance procedures, including Measurement and Verification plan.
8. Additional Federal compliance forms as provided in NOSA
 - 8.1. Attorney's Opinion Letter
 - 8.2. Form 400
 - 8.3. Standard Form 100 (N/A if less than 100 full time employees).



- 8.4. Form AD-1049
- 8.5. Form AD-1047
- 8.6. Lobbying Certification
- 8.7. Certification on Federal Debt Delinquency

In addition to the items required under the loan application checklist, we further clarify the following items:

1. The loan application does not include funds to finance:
 - 1.1. The construction or acquisition of any building identified as located in a flood hazard area.
 - 1.2. b. New equipment, materials or supplies in any building identified as located in a flood hazard area.
2. All funds in this loan application will be used within the State of _____.
3. _____ serves the following counties in the state of _____:
 - 3.1. List Counties:
4. There are no threatened actions by third parties that could adversely affect our financial conditions.
5. There are no State of _____ regulatory proceedings pending against the Borrower.
6. _____ does or does not anticipate any changes in retail rates. Please describe last rate adjustment and when it took place.
7. The true and correct legal name of the borrower is _____.
8. The headquarters address of the borrower is _____.

Sincerely,

Name
Title of Highest Official
Ashland Municipal Electric Utility or City of Ashland



1 **RESOLUTION NO. 2021-15**

2 A RESOLUTION ESTABLISHING THE ON-BILL FINANCING PROGRAM

3 **RECITALS:**

4 **WHEREAS**, Ashland Electric has developed the On-Bill Financing Program for the rural areas
5 in our service territory intended to be funded with the proceeds from the United States
6 Department of Agriculture’s Rural Energy Savings Program;

7 **WHEREAS**, Ashland Electric will offer the On-Bill Financing program to provide easy,
8 affordable loans to building owners for approved energy efficiency and renewable energy
9 improvements. Customers pay back the loan through a per-meter charge on their utility bill. The
10 loan payment is considered part of the charges for electric services to the property. The On-Bill
11 Financing program will lend utility customers up to \$30,000 to implement approved energy
12 efficiency and renewable energy measures.;

13 **WHEREAS**, Ashland Electric has developed a comprehensive implementation work plan and
14 financial forecast for On-Bill Financing Program;

15 **WHEREAS**, Ashland Electric has developed a comprehensive measurement and verification
16 program in connection with On-Bill Financing Program;

17 **WHEREAS**, the financial forecast, the implementation work plan and the measurement and
18 verification program, and related documents will be considered by the Rural Utilities Service, an
19 agency of the United States Department of Agriculture, in making a determination to make a
20 financially feasible and adequately secure loan to Ashland Electric;

21 **WHEREAS**, Ashland Electric intends to submit a loan application under the Rural Energy
22 Savings Program Loan as prescribed in the Rules and Regulations published in the Federal
23 Register, Vol. 85, No. 64 on April 2, 2020;

24 **NOW THEREFORE BE IT RESOLVED**, that Ashland Electric approves the implementation
25 work plan, the financial forecast and related documents in connection to the On-Bill Financing
26 Program,

27 **BE IT ALSO RESOLVED**, that Ashland Electric’s officers, managers, and staff are authorized
28 to carry out all necessary actions –including but not limited to the executing and attesting all
29 necessary documentation- in connection with the loan application to participate in the Rural
30 Energy Savings Program as provided in the NOSA;

1 **BE IT FURTHER RESOLVED** that Ashland Electric’s officers are authorized to apply and
2 take a loan in the amount of \$10,000,000 to carry out On-Bill Financing Program;

3 **BE IT ALSO RESOLVED**, that the loan shall bear a maturity date to cover an approximate
4 period of 20 years.

5 SECTION 2. This resolution is effective upon adoption.

6 ADOPTED by the City Council this _____ day of _____, 20__.

7 ATTEST:

8

9 _____

10 Melissa Huhtala, City Recorder

11 SIGNED and APPROVED this _____ day of _____, 20__.

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Julie Akins, Mayor

16 Reviewed as to form:

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19 David H. Lohman, City Attorney

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**Multi-Tier Action Environmental Compliance Agreement for
Energy Efficiency and Conservation Loan Program and Rural Energy Savings Program**

In accordance with § 1970.55(c), RUS will maintain ultimate responsibility for and control over the environmental review process of multi-tier actions receiving funding through RUS re-lending programs including the Energy Efficiency and Conservation Loan Program and the Rural Energy Savings Program. To assist RUS in meeting its environmental review requirements, [primary recipient] agrees to conduct the following actions in accordance with §§ 1970.55(a)(1-4).

- 1) Prior to re-lending to a qualified consumer, [primary recipient] will:
 - a) Conduct a screening of all proposed uses of funds to determine if each consumer application proposed for funding or financing falls within § 1970.53 or § 1970.54 as a Categorical Exclusion (see Attachment 1).
 - b) Obtain sufficient information from a consumer to evaluate proposals under § 1970.53 or to evaluate an Environmental Report (ER) under § 1970.54 in determining if extraordinary circumstances (as described in § 1970.52) are present.
 - c) Document conclusions regarding the applicability of a Categorical Exclusion for each approved consumer application, and maintain these in an official environmental file.
 - d) Refer to RUS for further environmental review:
 - i) Activities that do not meet the criteria established in Attachment 1
 - ii) Consumer applications with extraordinary circumstances (see § 1970.52) or where there is non-concurrence with a finding under Section 7 of the Endangered Species Act and or Section 106 of the National Historic Preservation Act;
 - iii) Consumer applications that may be in violation of § 1970.12, Limitations on actions during the NEPA process
- 2) [Primary recipient] will maintain documentation from (1)(c) for each approved consumer application in the [primary recipient]'s official records for RUS verification as required by §1970.55(b). The primary recipient must retain documentation for 5 years, to be made available to RUS upon request.
- 3) [Primary recipient] understands that the terms of this agreement will be monitored and verified in RUS compliance reviews and other required audits as required by 1970.55(b).

RUS has provided [primary recipient] a copy of the agency's Environmental Policies and Procedures, 7 CFR Part 1970.

In accordance with § 1970.55(b), [primary recipient] understands that failure to meet the requirements of this agreement will result in penalties that may include written warnings, withdrawal of Agency financial assistance, suspension from participation in RUS programs, or other appropriate action.

I, [primary recipient] hereby agree to the terms and conditions as described above.

Signature of General Manager or equivalent

Title

Date

Attachment 1 – Example activities eligible for multi-tier program environmental compliance implementation

RESP ELIGIBLE ACTIVITY/INVESTMENT	ANTICIPATED ENVIRONMENTAL REQUIREMENT
1. Lighting	1970: 1970: 1970.53(a)(2)(iii);1970.53(c)(2),(3) – human health/safety (asbestos concerns) apply S106: External and certain internal changes to a historic home/district require S106 review
a. Lighting fixture upgrades to improve efficiency	
b. Re-lamping to more energy efficient bulbs	
c. Lighting controls	
2. Heating, Ventilation, and Air Conditioning (HVAC)	1970: 1970.53(c)(2),(3) – human health/safety (asbestos concerns) apply
a. Central Air Systems – Energy Star qualified equipment	
b. Window AC Units – Energy Start qualified equipment	
c. Economizers	
d. Heat pumps	
e. Furnaces – Energy Start qualified equipment	
f. Air Handlers	
g. Programmatic controls	
h. Duct sealing	
3. Building Envelope Improvements	1970: 1970.53(c)(2),(3),(4) – human health/safety (asbestos concerns) apply S106: External changes to a historic home/district require S106 review
a. Improved insulation – added beyond existing levels, or for new construction, above existing building codes	
b. Caulking and weather stripping of doors and windows	
c. Window upgrades – Energy Star qualifying windows	
d. Door upgrades – includes man-doors and overhead doors with integrated insulation and energy efficient windows	
e. Any material listed in Appendix A of DOE’s Weatherization Assistance Program (10 CFR Part 440)	
4. Water Heaters	1970: 1970.53(c)(2),(3)
5. Compressed Air Systems	1970: 1970.53(c)(2),(3)
6. Motors	1970: 1970.53(a)(2)(iii); 1970.53(c)(2),(3)
a. High efficiency motors	

b. Variable frequency drive	
7. Boilers, dryers, heaters, and process-related equipment – specific equipment not otherwise listed (commercial coolers/freezers)	1970: 1970.53(c)(2); 1970.54(c)(13) may apply
8. Demand Management (load shifting)	1970: 1970.53(a)(2)(iii)
9. Energy Audits	1970: 1970.53(b)(1)(i),(3)

Attachment 1 – Example activities eligible for multi-tier program environmental compliance implementation

10. On/off Grid Renewable Energy Systems	1970: 1970.53(d)(7),(8); 1970.54(c)(7),(8),(9),(10),(11),(12),(13)) S106: requires S106 review
11. Energy Storage Devices	1970: 1970.53(a)(2)(iii)
12. Replacement of existing fuel consuming equipment	1970: 1970.53(c)(2); 1970.54(c)(13)
13. Energy efficient appliance upgrades fixed to real property	1970: 1970.53(c)(2),(3)
14. Irrigation or water system efficiency improvements	1970: 1970.53(c)(5),(6)
15. Necessary and incidental activities/investments directly related to implementation of an eligible measure	Category is broad; would need specifics to determine which categories under 1970 apply.

Ashland Electric
On-bill Financing Summary
June 2021

Year	1	2	3	4	5	6	7	8	9	10	Years 1-10
Loans Issued	\$ 675,000.00	\$ 900,000.00	\$ 900,000.00	\$ 900,000.00	\$ 900,000.00	#####	#####	#####	#####	#####	9,975,000.00
Number of loans	45	60	60	60	70	70	70	80	80	80	
Repayment											
Principal	53,375.23	127,272.98	204,951.48	286,604.16	372,434.35	474,516.94	581,822.26	706,478.69	837,512.78	975,250.82	4,620,219.70
Interest	32,537.84	73,190.84	110,063.10	142,961.17	171,681.74	203,241.71	229,578.93	257,656.84	279,357.10	294,353.40	1,794,622.66
Total Repayment	85,913.07	200,463.82	315,014.58	429,565.34	544,116.09	677,758.64	811,401.19	964,135.53	1,116,869.88	1,269,604.22	6,414,842.36
Loan Repayment to USDA	53,375.23	127,272.98	204,951.48	286,604.16	372,434.35	474,516.94	581,822.26	706,478.69	837,512.78	975,250.82	4,620,219.70
Program Costs											
Program Administrator											
Amortized start up costs	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	10,000.00
Annual Fee	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	66,400.00
Loan Fee - 1.99%	13,432.50	17,910.00	17,910.00	17,910.00	17,910.00	20,895.00	20,895.00	23,880.00	23,880.00	23,880.00	198,502.50
Total Program Administrator	21,072.50	25,550.00	25,550.00	25,550.00	25,550.00	28,535.00	28,535.00	31,520.00	31,520.00	31,520.00	274,902.50
Loan Originator											
Amortized start up costs	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	12,000.00
Annual Fee	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	210,000.00
Underwriting fee	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	35,000.00
Denied Loans	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	3,750.00
Total Loan Originator	26,075.00	26,075.00	26,075.00	26,075.00	26,075.00	26,075.00	26,075.00	26,075.00	26,075.00	26,075.00	260,750.00
Total 3rd Party Administration Costs	47,147.50	51,625.00	51,625.00	51,625.00	51,625.00	54,610.00	54,610.00	57,595.00	57,595.00	57,595.00	535,652.50
Estimated staff wages and salaries	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	90,000.00
Cash provided (used) by On-Bill Program	(\$14,609.66)	\$21,565.84	\$58,438.10	\$91,336.17	\$120,056.74	\$148,631.71	\$174,968.93	\$200,061.84	\$221,762.10	\$236,758.40	\$1,258,970.16

	11	12	13	14	15	16	17	18	19	20	Years 1-10	Grand
Repayment												
Principal	\$937,236.99	\$867,975.13	\$795,169.71	\$718,639.42	\$638,193.69	\$534,096.76	\$424,674.04	\$290,117.59	\$148,676.98	\$0.00	5,354,780.30	9,975,000.00
Interest	\$246,454.16	\$201,165.26	\$159,419.93	\$121,399.47	\$87,294.43	\$57,748.81	\$33,528.99	\$15,351.09	\$4,057.36	\$0.00	926,419.51	2,721,042.17
Total Repayment	1,183,691.15	1,069,140.39	954,589.64	840,038.88	725,488.12	591,845.58	458,203.03	305,468.68	152,734.34	-	6,281,199.81	#####
Loan Repayment to USDA	937,236.99	867,975.13	795,169.71	718,639.42	638,193.69	534,096.76	424,674.04	290,117.59	148,676.98	-	5,354,780.30	9,975,000.00
Program Costs												
Program Administrator												
Amortized start up costs	-	-	-	-	-	-	-	-	-	-	-	10,000.00
Annual Fee	-	-	-	-	-	-	-	-	-	-	-	66,400.00
Loan Fee - 1.99%	-	-	-	-	-	-	-	-	-	-	-	198,502.50
Total Program Administrator	-	-	-	-	-	-	-	-	-	-	-	274,902.50
Loan Originator												
Amortized start up costs	-	-	-	-	-	-	-	-	-	-	-	12,000.00
Annual Fee	-	-	-	-	-	-	-	-	-	-	-	210,000.00
Underwriting fee	-	-	-	-	-	-	-	-	-	-	-	35,000.00
Denied Loans	-	-	-	-	-	-	-	-	-	-	-	3,750.00
Total Loan Originator	-	-	-	-	-	-	-	-	-	-	-	260,750.00
Total Administration Costs	-	-	-	-	-	-	-	-	-	-	-	535,652.50
Estimated staff wages and salaries	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	-	40,500.00	130,500.00
Cash provided (used) by On-Bill Program	\$246,454.16	\$201,165.26	\$159,419.93	\$121,399.47	\$87,294.43	\$57,748.81	\$33,528.99	\$15,351.09	\$4,057.36	\$0.00	\$926,419.51	#####

Assumptions	
1. 10 year program based on USDA Funding guidelines	
2. 5% interest rate per USDA Funding guidelines	
3. Amortized start up costs over life of the program - 10 years	
4. Assuming 5 denied loans per year	
5. Minimal internal costs relating to labor accounted for as no new employees will be hired with the administration of the program	
8. Contract prices are not confirmed.	
9. Holland, Michigan average loan value over two years \$14,404 with 167 applications and 121 approved with 82 closed loans with total loan value of \$1,181,140.	
Program Administrator - \$10,000 start up cost with annual fee of \$5640 plus 1.99% of loan fee taken directly from consumer	
Start Up Cost - Amortized	\$ 1,000.00
Annual fee	\$ 5,640.00
Assuming no escalation fee	
Loan Originator - \$12,000 - start up cost with annual fee of \$21,000 (\$1750 per month) and \$360 per loan for underwriting fee and \$75 denied loan	
Start up Cost - Amortized	\$ 1,200.00
Annual fee	\$ 21,000.00
Underwriting loan fee	\$ 350.00
Denied loan fee	\$ 75.00
Assuming no escalation fee	

Ashland Electric
On-bill Financing Summary
June 2021

Year	1	2	3	4	5	6	7	8	9	10	Years 1-10
Loans Issued	#####	\$ 900,000.00	#####	#####	#####	#####	#####	#####	#####	#####	9,975,000.00
Number of loans	45	60	60	60	70	70	70	80	80	80	
Repayment											
Principal	53,375.23	127,272.98	204,951.48	286,604.16	372,434.35	474,516.94	581,822.26	706,478.69	837,512.78	975,250.82	4,620,219.70
Interest	32,537.84	73,190.84	110,063.10	142,961.17	171,681.74	203,241.71	229,578.93	257,656.84	279,357.10	294,353.40	1,794,622.66
Total Repayment	85,913.07	200,463.82	315,014.58	429,565.34	544,116.09	677,758.64	811,401.19	964,135.53	#####	#####	6,414,842.36
Loan Repayment to USDA	53,375.23	127,272.98	204,951.48	286,604.16	372,434.35	474,516.94	581,822.26	706,478.69	837,512.78	975,250.82	4,620,219.70
Program Costs											
Michigan Saves											
Amortized start up costs	10,000.00	-	-	-	-	-	-	-	-	-	10,000.00
Annual Fee	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	6,640.00	66,400.00
Loan Fee - 1.99%	13,432.50	17,910.00	17,910.00	17,910.00	17,910.00	20,895.00	20,895.00	23,880.00	23,880.00	23,880.00	198,502.50
Total Michigan Saves	30,072.50	24,550.00	24,550.00	24,550.00	24,550.00	27,535.00	27,535.00	30,520.00	30,520.00	30,520.00	274,902.50
EFT											
Amortized start up costs	12,000.00	-	-	-	-	-	-	-	-	-	12,000.00
Annual Fee	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	210,000.00
Underwriting fee	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	35,000.00
Denied Loans	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	375.00	3,750.00
Total WECC	36,875.00	24,875.00	24,875.00	24,875.00	24,875.00	24,875.00	24,875.00	24,875.00	24,875.00	24,875.00	260,750.00
Total 3rd Party Administration Costs	66,947.50	49,425.00	49,425.00	49,425.00	49,425.00	52,410.00	52,410.00	55,395.00	55,395.00	55,395.00	535,652.50
Estimated staff wages and salaries	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	90,000.00
Cash provided (used) by for On-Bill Program	(43,409.66)	14,765.84	51,638.10	84,536.17	113,256.74	141,831.71	168,168.93	193,261.84	214,962.10	229,958.40	\$1,168,970.16

	11	12	13	14	15	16	17	18	19	20	Years 1-10	Grand
Repayment												
Principal	\$937,236.99	\$867,975.13	\$795,169.71	\$718,639.42	\$638,193.69	\$534,096.76	\$424,674.04	\$290,117.59	\$148,676.98	\$0.00	5,354,780.30	9,975,000.00
Interest	\$246,454.16	\$201,165.26	\$159,419.93	\$121,399.47	\$87,294.43	\$57,748.81	\$33,528.99	\$15,351.09	\$4,057.36	\$0.00	926,419.51	2,721,042.17
Total Repayment	#####	1,069,140.39	954,589.64	840,038.88	725,488.12	591,845.58	458,203.03	305,468.68	152,734.34	-	6,281,199.81	#####
Loan Repayment to USDA	937,236.99	867,975.13	795,169.71	718,639.42	638,193.69	534,096.76	424,674.04	290,117.59	148,676.98	-	5,354,780.30	9,975,000.00
Program Costs												
Michigan Saves												
Amortized start up costs	-	-	-	-	-	-	-	-	-	-	-	10,000.00
Annual Fee	-	-	-	-	-	-	-	-	-	-	-	66,400.00
Loan Fee - 1.99%	-	-	-	-	-	-	-	-	-	-	-	198,502.50
Total Michigan Saves	-	-	-	-	-	-	-	-	-	-	-	274,902.50
EFT												
Amortized start up costs	-	-	-	-	-	-	-	-	-	-	-	12,000.00
Annual Fee	-	-	-	-	-	-	-	-	-	-	-	210,000.00
Underwriting fee	-	-	-	-	-	-	-	-	-	-	-	35,000.00
Denied Loans	-	-	-	-	-	-	-	-	-	-	-	3,750.00
Total WECC	-	-	-	-	-	-	-	-	-	-	-	260,750.00
Total Administration Costs	-	-	-	-	-	-	-	-	-	-	-	535,652.50
Estimated staff wages and salaries	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	-	40,500.00	130,500.00
Cash provided (used) by for On-Bill Program	\$241,954.16	\$196,665.26	\$154,919.93	\$116,899.47	\$82,794.43	\$53,248.81	\$29,028.99	\$10,851.09	(\$442.64)	\$0.00	\$885,919.51	#####

Assumptions

- 1. 10 year program based on USDA Funding guidelines
- 2. 5% interest rate per USDA Funding guidelines
- 3. No loan loss reserve because of lien process.
- 4. Assuming 5 denied loans per year
- 5. Minimal internal costs relating to labor accounted for as no new employees will be hired with the administration of the program
- 6. Assumed no Energy Waste Reduction PILOT Funds to be used for program
- 7. Potential of reimbursement of start up costs if other municipals join into the program.
- 8. Contract prices are not confirmed.
- 9. Holland average loan value over two years \$14,404 with 167 applications and 121 approved with 82 closed loans with total loan value of \$1,181,140.

Michigan Saves - \$10,000 start up cost with annual fee of \$6640 plus 1.99% of loan fee taken directly from consumer

Start Up Cost - if amortized	\$	1,000.00
Annual fee	\$	6,640.00
Assuming no escalation fee		

EFT - \$12,000 - start up cost with annual fee of \$21,000 (\$1750 per month) and \$360 per loan for underwriting fee and \$75 denied loan

Start up Cost - if amortized	\$	1,200.00
Annual fee	\$	21,000.00
Underwriting loan fee	\$	350.00
Denied loan fee	\$	75.00
Assuming no escalation fee		

Ashland Electric
 On-Bill Finance System
 Loan Amortization Schedule
 Customer Loan - \$10,000
 June 2021

Date of Issuance	1/1/2022
Principal (PV)	\$ 15,000.00
Interest Rate	5.00%
Years	10
Payments Per Year	12
Total Payments (Nper)	120
Amortization	Straightline
Number of Loans	1

Monthly Payment	Principal	Interest	Total
1	(\$96.60)	(\$62.50)	(\$159.10)
2	(\$97.00)	(\$62.10)	(\$159.10)
3	(\$97.40)	(\$61.69)	(\$159.10)
4	(\$97.81)	(\$61.29)	(\$159.10)
5	(\$98.22)	(\$60.88)	(\$159.10)
6	(\$98.63)	(\$60.47)	(\$159.10)
7	(\$99.04)	(\$60.06)	(\$159.10)
8	(\$99.45)	(\$59.65)	(\$159.10)
9	(\$99.87)	(\$59.23)	(\$159.10)
10	(\$100.28)	(\$58.82)	(\$159.10)
11	(\$100.70)	(\$58.40)	(\$159.10)
12	(\$101.12)	(\$57.98)	(\$159.10)
13	(\$101.54)	(\$57.56)	(\$159.10)
14	(\$101.96)	(\$57.13)	(\$159.10)
15	(\$102.39)	(\$56.71)	(\$159.10)
16	(\$102.81)	(\$56.28)	(\$159.10)
17	(\$103.24)	(\$55.85)	(\$159.10)
18	(\$103.67)	(\$55.42)	(\$159.10)
19	(\$104.11)	(\$54.99)	(\$159.10)
20	(\$104.54)	(\$54.56)	(\$159.10)
21	(\$104.97)	(\$54.12)	(\$159.10)
22	(\$105.41)	(\$53.69)	(\$159.10)
23	(\$105.85)	(\$53.25)	(\$159.10)
24	(\$106.29)	(\$52.81)	(\$159.10)
25	(\$106.74)	(\$52.36)	(\$159.10)
26	(\$107.18)	(\$51.92)	(\$159.10)
27	(\$107.63)	(\$51.47)	(\$159.10)
28	(\$108.08)	(\$51.02)	(\$159.10)
29	(\$108.53)	(\$50.57)	(\$159.10)
30	(\$108.98)	(\$50.12)	(\$159.10)
31	(\$109.43)	(\$49.67)	(\$159.10)
32	(\$109.89)	(\$49.21)	(\$159.10)

Monthly Payment	Principal	Interest	Total
33	(\$110.35)	(\$48.75)	(\$159.10)
34	(\$110.81)	(\$48.29)	(\$159.10)
35	(\$111.27)	(\$47.83)	(\$159.10)
36	(\$111.73)	(\$47.37)	(\$159.10)
37	(\$112.20)	(\$46.90)	(\$159.10)
38	(\$112.66)	(\$46.43)	(\$159.10)
39	(\$113.13)	(\$45.97)	(\$159.10)
40	(\$113.60)	(\$45.49)	(\$159.10)
41	(\$114.08)	(\$45.02)	(\$159.10)
42	(\$114.55)	(\$44.55)	(\$159.10)
43	(\$115.03)	(\$44.07)	(\$159.10)
44	(\$115.51)	(\$43.59)	(\$159.10)
45	(\$115.99)	(\$43.11)	(\$159.10)
46	(\$116.47)	(\$42.62)	(\$159.10)
47	(\$116.96)	(\$42.14)	(\$159.10)
48	(\$117.45)	(\$41.65)	(\$159.10)
49	(\$117.94)	(\$41.16)	(\$159.10)
50	(\$118.43)	(\$40.67)	(\$159.10)
51	(\$118.92)	(\$40.18)	(\$159.10)
52	(\$119.42)	(\$39.68)	(\$159.10)
53	(\$119.91)	(\$39.18)	(\$159.10)
54	(\$120.41)	(\$38.68)	(\$159.10)
55	(\$120.92)	(\$38.18)	(\$159.10)
56	(\$121.42)	(\$37.68)	(\$159.10)
57	(\$121.93)	(\$37.17)	(\$159.10)
58	(\$122.43)	(\$36.66)	(\$159.10)
59	(\$122.94)	(\$36.15)	(\$159.10)
60	(\$123.46)	(\$35.64)	(\$159.10)
61	(\$123.97)	(\$35.13)	(\$159.10)
62	(\$124.49)	(\$34.61)	(\$159.10)
63	(\$125.01)	(\$34.09)	(\$159.10)
64	(\$125.53)	(\$33.57)	(\$159.10)
65	(\$126.05)	(\$33.05)	(\$159.10)
66	(\$126.57)	(\$32.52)	(\$159.10)
67	(\$127.10)	(\$32.00)	(\$159.10)
68	(\$127.63)	(\$31.47)	(\$159.10)
69	(\$128.16)	(\$30.93)	(\$159.10)
70	(\$128.70)	(\$30.40)	(\$159.10)
71	(\$129.23)	(\$29.86)	(\$159.10)
72	(\$129.77)	(\$29.33)	(\$159.10)
73	(\$130.31)	(\$28.79)	(\$159.10)
74	(\$130.86)	(\$28.24)	(\$159.10)
75	(\$131.40)	(\$27.70)	(\$159.10)
76	(\$131.95)	(\$27.15)	(\$159.10)
77	(\$132.50)	(\$26.60)	(\$159.10)
78	(\$133.05)	(\$26.05)	(\$159.10)
79	(\$133.60)	(\$25.49)	(\$159.10)
80	(\$134.16)	(\$24.94)	(\$159.10)

Monthly Payment	Principal	Interest	Total
81	(\$134.72)	(\$24.38)	(\$159.10)
82	(\$135.28)	(\$23.82)	(\$159.10)
83	(\$135.85)	(\$23.25)	(\$159.10)
84	(\$136.41)	(\$22.69)	(\$159.10)
85	(\$136.98)	(\$22.12)	(\$159.10)
86	(\$137.55)	(\$21.55)	(\$159.10)
87	(\$138.12)	(\$20.97)	(\$159.10)
88	(\$138.70)	(\$20.40)	(\$159.10)
89	(\$139.28)	(\$19.82)	(\$159.10)
90	(\$139.86)	(\$19.24)	(\$159.10)
91	(\$140.44)	(\$18.66)	(\$159.10)
92	(\$141.03)	(\$18.07)	(\$159.10)
93	(\$141.61)	(\$17.49)	(\$159.10)
94	(\$142.20)	(\$16.90)	(\$159.10)
95	(\$142.80)	(\$16.30)	(\$159.10)
96	(\$143.39)	(\$15.71)	(\$159.10)
97	(\$143.99)	(\$15.11)	(\$159.10)
98	(\$144.59)	(\$14.51)	(\$159.10)
99	(\$145.19)	(\$13.91)	(\$159.10)
100	(\$145.80)	(\$13.30)	(\$159.10)
101	(\$146.40)	(\$12.70)	(\$159.10)
102	(\$147.01)	(\$12.09)	(\$159.10)
103	(\$147.63)	(\$11.47)	(\$159.10)
104	(\$148.24)	(\$10.86)	(\$159.10)
105	(\$148.86)	(\$10.24)	(\$159.10)
106	(\$149.48)	(\$9.62)	(\$159.10)
107	(\$150.10)	(\$9.00)	(\$159.10)
108	(\$150.73)	(\$8.37)	(\$159.10)
109	(\$151.35)	(\$7.74)	(\$159.10)
110	(\$151.99)	(\$7.11)	(\$159.10)
111	(\$152.62)	(\$6.48)	(\$159.10)
112	(\$153.25)	(\$5.84)	(\$159.10)
113	(\$153.89)	(\$5.21)	(\$159.10)
114	(\$154.53)	(\$4.56)	(\$159.10)
115	(\$155.18)	(\$3.92)	(\$159.10)
116	(\$155.82)	(\$3.27)	(\$159.10)
117	(\$156.47)	(\$2.62)	(\$159.10)
118	(\$157.13)	(\$1.97)	(\$159.10)
119	(\$157.78)	(\$1.32)	(\$159.10)
120	(\$158.44)	(\$0.66)	(\$159.10)
Total	(\$15,000.00)	(\$4,091.79)	(\$19,091.79)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance	1/1/2022
Principal	\$ 15,000.00
Interest Rate	5.00%
Years	10
Payments Per Year	12
Amortization	Straightline
Number of Loans	45

	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest											
	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total											
	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal											
	(\$53,375.23)	(\$56,106.01)	(\$58,976.50)	(\$61,993.85)	(\$65,165.57)	(\$68,499.57)	(\$72,004.13)	(\$75,688.00)	(\$79,560.34)	(\$83,630.80)	(\$675,000.00)
Interest											
	(\$32,537.84)	(\$29,807.06)	(\$26,936.57)	(\$23,919.22)	(\$20,747.50)	(\$17,413.50)	(\$13,908.93)	(\$10,225.07)	(\$6,352.72)	(\$2,282.27)	(\$184,130.67)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 60

	2	3	4	5	6	7	8	9	10		
	1	2	3	4	5	6	7	8	9	10 Total	
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$71,166.97)	(\$74,808.01)	(\$78,635.33)	(\$82,658.46)	(\$86,887.43)	(\$91,332.75)	(\$96,005.51)	#####	#####	#####	(\$900,000.00)
Interest	(\$43,383.78)	(\$39,742.75)	(\$35,915.43)	(\$31,892.29)	(\$27,663.33)	(\$23,218.00)	(\$18,545.25)	(\$13,633.42)	(\$8,470.30)	(\$3,043.02)	(\$245,507.56)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 60

	3	4	5	6	7	8	9	10	11	12	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$71,166.97)	(\$74,808.01)	(\$78,635.33)	(\$82,658.46)	(\$86,887.43)	(\$91,332.75)	(\$96,005.51)	#####	#####	#####	(\$900,000.00)
Interest	(\$43,383.78)	(\$39,742.75)	(\$35,915.43)	(\$31,892.29)	(\$27,663.33)	(\$23,218.00)	(\$18,545.25)	(\$13,633.42)	(\$8,470.30)	(\$3,043.02)	(\$245,507.56)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 60

	4	5	6	7	8	9	10	11	12	13	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$71,166.97)	(\$74,808.01)	(\$78,635.33)	(\$82,658.46)	(\$86,887.43)	(\$91,332.75)	(\$96,005.51)	#####	#####	#####	(\$900,000.00)
Interest	(\$43,383.78)	(\$39,742.75)	(\$35,915.43)	(\$31,892.29)	(\$27,663.33)	(\$23,218.00)	(\$18,545.25)	(\$13,633.42)	(\$8,470.30)	(\$3,043.02)	(\$245,507.56)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 60

	5	6	7	8	9	10	11	12	13	14	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$71,166.97)	(\$74,808.01)	(\$78,635.33)	(\$82,658.46)	(\$86,887.43)	(\$91,332.75)	(\$96,005.51)	#####	#####	#####	(\$900,000.00)
Interest	(\$43,383.78)	(\$39,742.75)	(\$35,915.43)	(\$31,892.29)	(\$27,663.33)	(\$23,218.00)	(\$18,545.25)	(\$13,633.42)	(\$8,470.30)	(\$3,043.02)	(\$245,507.56)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 70

	6	7	8	9	10	11	12	13	14	15	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$83,028.14)	(\$87,276.01)	(\$91,741.22)	(\$96,434.87)	#####	#####	#####	#####	#####	#####	#####
Interest	(\$50,614.41)	(\$46,366.54)	(\$41,901.33)	(\$37,207.67)	(\$32,273.88)	(\$27,087.67)	(\$21,636.12)	(\$15,905.66)	(\$9,882.02)	(\$3,550.19)	(\$286,425.49)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 70

	7	8	9	10	11	12	13	14	15	16	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$83,028.14)	(\$87,276.01)	(\$91,741.22)	(\$96,434.87)	#####	#####	#####	#####	#####	#####	#####
Interest	(\$50,614.41)	(\$46,366.54)	(\$41,901.33)	(\$37,207.67)	(\$32,273.88)	(\$27,087.67)	(\$21,636.12)	(\$15,905.66)	(\$9,882.02)	(\$3,550.19)	(\$286,425.49)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 80

	8	9	10	11	12	13	14	15	16	17	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$94,889.30)	(\$99,744.02)	#####	#####	#####	#####	#####	#####	#####	#####	#####
Interest	(\$57,845.04)	(\$52,990.33)	(\$47,887.23)	(\$42,523.06)	(\$36,884.44)	(\$30,957.34)	(\$24,726.99)	(\$18,177.90)	(\$11,293.73)	(\$4,057.36)	(\$327,343.42)

Ashland Electric
 Energy Optimization Program
 June 2021

Date of Issuance 1/1/2022
 Principal \$ 15,000.00
 Interest Rate 5.00%
 Years 10
 Payments Per Year 12
 Amortization Straightline
 Number of Loans 80

	9	10	11	12	13	14	15	16	17	18	
	1	2	3	4	5	6	7	8	9	10	Total
1											
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$94,889.30)	(\$99,744.02)	(\$104,847.11)	(\$110,211.29)	(\$115,849.90)	(\$121,777.00)	(\$128,007.35)	(\$134,556.45)	(\$141,440.61)	(\$148,676.98)	(\$1,200,000.00)
Interest	(\$57,845.04)	(\$52,990.33)	(\$47,887.23)	(\$42,523.06)	(\$36,884.44)	(\$30,957.34)	(\$24,726.99)	(\$18,177.90)	(\$11,293.73)	(\$4,057.36)	(\$327,343.42)

Ashland Electric
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 Number of Loans 80

	10	11	12	13	14	15	16	17	18	19	
	1	2	3	4	5	6	7	8	9	10	Total
Principal	1										
Principal	(\$1,186.12)	(\$1,246.80)	(\$1,310.59)	(\$1,377.64)	(\$1,448.12)	(\$1,522.21)	(\$1,600.09)	(\$1,681.96)	(\$1,768.01)	(\$1,858.46)	(\$15,000.00)
Interest	(\$723.06)	(\$662.38)	(\$598.59)	(\$531.54)	(\$461.06)	(\$386.97)	(\$309.09)	(\$227.22)	(\$141.17)	(\$50.72)	(\$4,091.79)
Total	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$1,909.18)	(\$19,091.79)
Total											
Principal	(\$94,889.30)	(\$99,744.02)	(\$104,847.11)	(\$110,211.29)	(\$115,849.90)	(\$121,777.00)	(\$128,007.35)	(\$134,556.45)	(\$141,440.61)	(\$148,676.98)	(\$1,200,000.00)
Interest	(\$57,845.04)	(\$52,990.33)	(\$47,887.23)	(\$42,523.06)	(\$36,884.44)	(\$30,957.34)	(\$24,726.99)	(\$18,177.90)	(\$11,293.73)	(\$4,057.36)	(\$327,343.42)

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**ON-BILL FINANCING PROGRAM
IMPLEMENTATION WORKPLAN**

Version 1.0



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DOCUMENT HISTORY

Document Version	Date Posted	Description
1.0	6/10/2021	First version of program presented to City Council.



INTRODUCTION

This report outlines the details and requirements of the Ashland Electric Utility's On-Bill Financing program. This report serves as a reference for anyone who wants to learn more about the On-bill Financing Program, including customers and contractors.

Project Purpose

High up-front costs and lack of access to financing are significant barriers to investing in energy efficiency and renewable energy improvements. The purpose of this program is increase access to financing and promote investment in energy efficiency and renewable energy by providing affordable loans that a customer can repay on their monthly electric bill.

Why On-Bill Programs?

On-Bill Financing generally refers to a financial product that is serviced by, or in partnership with, a utility. Ashland Electric created the On-Bill Financing Program to provide easy, affordable loans for building owners to install approved energy efficiency and renewable energy improvements.

Energy efficiency investments are a cost-effective means to decrease energy consumption, enhance building comfort, and reduce utility bills. Despite the benefits of energy efficiency investments high up-front costs can be a significant barrier to investing in home energy improvements. A residential energy efficiency upgrade that includes insulation; building envelope upgrades; and heating, ventilation, and air conditioning (HVAC) improvements will often cost thousands of dollars while installing a renewable energy system is even more costly. Rebate programs do not significantly lower this barrier. A program that allows customers to repay financing for these improvements by adding incremental payments to their utility bills is one way to overcome up-front cost barriers.

Existing clean energy financing tools often use traditional underwriting criteria and may not be available or attractive to all customers, such as those with tarnished credit. Customers who do not qualify for these programs may qualify using more equitable underwriting criteria, such as utility repayment history. Increasing access to financing is essential for reaching large numbers of building owners and unlocking the many benefits of energy efficiency, and renewable energy.

Program Description

The On-Bill Financing program provides easy, affordable loans to building owners for approved energy efficiency and renewable energy improvements. Customers pay back the loan through a per-meter charge on their utility bill. The loan payment is considered part of the charges for electric services to the property. The On-Bill Financing program will lend utility customers up to \$30,000 to implement approved energy efficiency and renewable energy measures.



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Loan Benefits

Benefits for Ashland Electric Utility Customers include:

- Reduced up-front costs for efficiency and renewables
- Lower energy use and environmental impact;
- Attractive loan terms;
- Loans associated with the property and can transfer to new owner if sold or be paid off in full at the time of sale;
- Energy efficiency measures;
- Simple qualifications -- no credit score or income requirement to be eligible;
- Home energy assessment;
- Qualified contractors; and,
- Improve home health and comfort.

Benefits for Ashland Electric include:

- Reduce long-term energy costs to utility and customers.
- Reduce regional energy consumption, slow load growth, and reduce peak power demands.
- Support community investment in high-efficiency buildings and renewable energy infrastructure.
- Increase utility and customer engagement.
- Reduce environmental impact.
- Increase efficiency of existing building inventory.
- Leverage federal funding to create a more efficient and renewable Ashland.
- Develop long-term partnership to sustainably re-lend \$10 million of USDA-RESP funds.
- Build on Ashland Electric's experience with on-bill financing and energy incentives.

Project Objective

The project's specific objective is for the Ashland Electric to lend \$10 million in on-bill financing to utility customers over 10 years, to enable utility customers to invest in approved energy efficiency and renewable energy improvements.



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SUMMARY OF THE ON-BILL FINANCING PROGRAM

Program Overview

Under the Program, building owners within the service territory of Ashland Electric, can finance any eligible energy efficiency or renewable energy improvement. The improvement must be implemented by an Authorized Contractor following the completion of a comprehensive, whole-home energy audit.

Eligible energy improvements include any measure or piece of equipment documented in the On-Bill Financing Implementation Manual (IM) —such as air sealing, air source heat pumps, heat pump water heaters, high efficiency-appliances, doors, insulation, roofs, water heaters, and windows; as well as renewable energy measures like solar photovoltaic (PV) systems. (See Appendix A for a sample list of eligible measures.)

Building owners may also finance the remediation of pre-existing environmental hazards or the repair of physical and structural defects that create health and safety issues, so long as the remediation or repairs are necessary to allow for an appropriate efficiency measure and the cause(s) of the environmental hazard or physical defect are addressed. All improvements must be implemented by an authorized contractor following the completion of a comprehensive, whole-home energy audit. Non-energy improvements are capped at 15 percent of loan amount.

Loans under this program are secured loans for amounts of \$5,000–\$30,000 at a fixed-rate interest with terms of up to 120 months (10 years). (Details are provided in Table 1.) Capital for the On-bill Financing Program is expected to be provided through the United States Department of Agriculture (USDA) Rural Energy Savings Program (RESP) Loan. Maximum amount requested will be \$2,000,000 per year. Up to a maximum \$150,000 of annual capital could come from the Utility’s Oregon Clean Fuels Program revenue with approval of Ashland Electric Utility and Ashland City Council. As required by the Rural Energy Savings Program Loan Fund Ashland Electric will have a reserve cash amount for the outstanding loan amount designated as collateral. Ashland Electric will be utilizing the ability to lien properties for any delinquent amount allowing for full collection of outstanding amounts due, therefore not requiring a debt reserve fund.

Table 1. Loan Product Details.

	Minimum standards
Eligible properties	Commercial and residential buildings with current certificate of occupancy within the service territory of Ashland Electric Utility.
Loan type	Unsecured loan that may be added to property’s tax bill and enforced against the Property through the tax lien foreclosure process in the same manner and with the same priority as the charges for your electric service and real property taxes.



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	<p>Notice of the loan is recorded with the register of deeds for the county in which the property is located, and the obligation to pay the loan payment runs with the land and is binding for future customers contracting for electric service to the property.</p> <p>Multiple loans per customer are allowed if the total amount financed does not exceed the maximum allowable loan amount (below). Multiple loans will be consolidated into one loan at the interest rate(s) in the effect at the time of issuing the additional loan.</p>
Repayment mechanism	Customers will pay back the loan through a per-meter charge on the monthly Ashland Electric bill. The payment is considered part of the charges for electric services to the property. Ashland Electric has the authority to disconnect the customer’s utility service for nonpayment of the loan.
Eligible improvements	<p>Energy-saving home improvements list in the On-Bill Financing Implementation Manual and installed by an Authorized Contractor following the completion of a comprehensive whole-home energy assessment.</p> <p>Code-required upgrades for health and safety which are necessary to allow for an appropriate efficiency measure (non-energy improvements are capped at 15 percent of loan amount).</p>
Loan amounts	\$5,000 to \$30,000
Loan term	10 years or the life of the measure, whichever is less.
Loan rates	5%, with potential 3-4% rate for qualifying households enrolled in energy assistance.
Key underwriting criteria	Twelve consecutive months with no delinquencies on electric utility bill payment history.
Loan agreement	Loans are made directly from the Energy Efficiency / On Bill Financing Loan Project to the customer.

Participant Roles and Responsibilities

Numerous organizations are involved in this program—from the program's marketing to the installation and financing of improvements and program monitoring. Roles of key entities referenced in this report are summarized in Table 2.

Table 2. Participant Roles and Responsibilities

Program Participant	Responsibilities
---------------------	------------------



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Program administrator	<ul style="list-style-type: none">• Recruit utility participants; arrange for loan origination and servicing; manage and oversee provider contracts (lender, originator, servicer, etc.).• Research data needs and requirements; develop and/or coordinate the data exchange protocols.• Establish quality assurance criteria and procedures.• Develop metrics and reporting requirements.• Recruit, register, and oversee authorized installation contractors and energy auditors that provide services and promote financing under the program.• Develop contractor training materials and conduct contractor training.• Develop and implement an outreach plan and a branding/marketing strategy.• Create marketing collateral to be used by participating utilities and contractors.• Develop and maintain systems for capturing project data.• Conduct customer satisfaction surveys and quality assurance inspections.• Monitor program results and impacts; create monthly and annual program performance reports.
City of Ashland Electric Utility	<ul style="list-style-type: none">• Work with capital provider, loan originator, and utility staff to develop underwriting criteria.• Work with the capital provider and loan originator to develop the loan application.• Promote loan program to customers and provide support (e.g. customer service, contractor outreach).• Collect loan payments.• Bill customers. Finalize program structure; create all program documents; and develop a program implementation report.• Coordinate the legal review of program structure and documents.• Coordinate Ashland Electric rebates. (Ashland Electric rebates and incentives associated with the work pertaining to the loan application may be applied to the loan repayment, or may be issued as separate payments as determined by City and Program staff.)• Provide loan capital.• Pay installation contractor upon completion of work.



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	<ul style="list-style-type: none"> • Hold loan agreements with customers. • Record notice of loan with register of deeds with county where property is located. • Discharge loan from register of deeds upon notification of full repayment.
Loan originator	<ul style="list-style-type: none"> • Accept loan applications from customers. • Review underwriting criteria to determine loan eligibility. • Create and distribute loan packet to customer. • Provide signed loan packet to capital provider. • Send new loan information to servicer. • Maintain license per federal and state laws; follow legal report lines in the lending and decision-making processes.
Loan servicer – City of Ashland Electric Utility (Utility Billing)	<ul style="list-style-type: none"> • Process loan payments. • Keep track of principal and interest paid. • Monitor delinquencies. • Notify utility of monthly loan payment amounts to be collected on utility bill. • Notify customer, utility, and capital provider upon full repayment of loan.
Customer / building owner	<ul style="list-style-type: none"> • Select authorized contractor for energy audit and improvements. • Apply for loan.
Residential energy auditor	<ul style="list-style-type: none"> • Conduct comprehensive whole-home energy assessments. • Promote financing to customers.
Installation contractor	<ul style="list-style-type: none"> • Install energy-saving or renewable energy improvements under contract with the customer. • Promote financing to customers (can be the same company as energy auditor).



LENDING REQUIREMENTS

Overview of Lending Requirements

The authorized lender provides loans to customers whose residential property is located within the service area of Ashland Electric. The loans comply with all applicable consumer lending laws. Customers will repay the loan monthly through a per-meter charge on their utility bill. The payment is considered part of the charges for electric services to the property. Consequences for nonpayment are the same as other utility service charges; the balance owed could be enforced in the same way that delinquency with utility service payments is handled.

Customer Eligibility

Eligibility requirements for the Ashland Electric On-bill Financing Program include the following:

- Property must be located within the service area of Ashland Electric.
- The customer must have an active Ashland Electric account in good standing, with no shut-off notices in the last 12 months.
- The name of the loan applicant must be the name on the utility account.
- Applicant must meet underwriting criteria. (For details, see Table 1 above.)
- Applicant must complete a home energy audit. (See the Comprehensive Energy Assessment below.)
- Rental properties are eligible.
 - In Landlord/Tenant situations the Landlord must have the electric service in their name to be able to apply for the loan.

Customers who qualify for free or lower-cost weatherization or retrofit programs are encouraged to take advantage of those programs before seeking loans through the program. Examples of such programs include the following:

- Weatherization Assistance Program: Administered by the state and local community action agencies.
- Utility income-qualified weatherization programs.
- U.S. Department of Agriculture loan and grant programs.
- Customers are encouraged to contact individual programs for detailed eligibility requirements and current program information.

Loan Application Process

We expect that many building owners will learn about Ashland Electric's On-bill Financing Program from contractors and outreach efforts of utility participants. In some cases, contractors will promote their affiliation with the program through marketing materials. Regardless of the flow of contact between a customer and an authorized contractor, the enrollment process remains the same.



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Step One: The customer contacts an authorized contractor to perform an energy assessment and identify potential energy improvements. (See the Eligible Improvements section below for details.) As part of the energy assessment, the contractor should perform "test-in" diagnostics, unless asbestos or other 11 hazardous materials are present in the home. The contractor should provide the customer with a detailed work plan and the cost for the proposed improvements.

Step Two: The contractor provides information about the on-bill loan program to the customer. If the customer would like to apply for the on-bill loan, the contractor initiates the loan application process for the customer by accessing the loan application center via phone or internet. The customer completes the loan application or sends a paper copy by mail. The loan application includes a consent form, which authorizes the release of the customer's utility bill payment history to loan application center. In most cases, the customer will receive a decision within minutes. The customer will be notified, in writing, if their loan application is approved, conditionally approved, or denied. If the loan application is conditionally approved, the customer will be asked to provide additional documentation to complete the application process. (See Appendix B for a sample loan application.)

Step Three: If a customer's loan application has been approved, and they wish to move forward with the on-bill loan, the customer should sign the contractor's agreement, the loan documents, and schedule the project through their contractor.

Step Four: The contractor installs the equipment according to the work plan and the contract with the customer. A "test out" procedure, such as a blower door test, may also be conducted to ensure that the improvements were installed properly. As necessary, the work plan could be modified to add or subtract energy efficiency, renewable energy, or nonenergy building performance improvements. If a change in the work plan caused the cost of the project to increase or decrease, the customer will have to sign new loan documentation that reflects the new project cost.

Step Five: After installation and the test-out procedure (as applicable), the contractor obtains the customer's signature on a certificate of completion (COC) and sends the COC to the lender. Once this is received an on-site audit may be performed to ensure the work plan was followed and the job is complete. This triggers payment to the contractor. (See Loan Closing and Servicing section below for more detail.) Payments are made directly to the contractors, minus an administrative fee, and normally arrive within seven to ten days.

Step Six: The contractor logs into their account, created when the contractor became authorized to participate in the on-bill loan program, and creates a new specification sheet (also called spec sheet or project record). The contractor attaches the signed COC and other project documentation, such as the detailed work plan, energy assessment report, and cost-benefit analysis, to this spec sheet. Once the spec sheet is complete, the contractor submits it to the program administrator so that quality assurance procedures can be implemented and energy savings calculated.



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Step Seven: The customer repays the loan via direct billing by the participating utility on their monthly utility bill.

Loan Origination

The loan originator performs the following functions:

- Verifies that the contractor initiating the loan application and performing the work is authorized by the program administrator.
- Obtains consent from the applicant to acquire customer and/or credit history (as specified in underwriting criteria in Table 1.) and determines eligibility for loan.
- Obtains consent from the applicant for lender, contractor, and Ashland Electric to disclose customer- specific information about the improvements made, financing provided, and pre- and post-installation energy savings to the program administrator.
- Confirms compliance with program requirements.
- Communicates loan approval immediately (within minutes) upon receiving the loan application submission via web or phone.
- Facilitates the fulfillment of the loan requirements of the lender, including customer enrollment and generating loan agreements. (See Appendix C for sample loan agreement.)

Loan Closing and Servicing

The authorized lender will comply with all consumer lending laws. Once loan origination is complete, the customer will sign the loan documents. If the scope of work changes after the loan documents are signed, but before project completion, the contractor will prepare a change order with the revised project cost and submit to the lender. The customer would then sign revised loan documents.

Payment to the contractor will not occur until the work is completed and the borrower has signed a COC, created a spec sheet, and uploaded all supporting project documentation. Ashland Electric reserves the right to periodically inspect work upon completion. This COC certifies that the borrower is satisfied with the completed work and consents to share certain information with the program administrator. The contractor will submit the signed COC to the program administrator, who will transmit it to Ashland Electric, thereby affirming project completion and triggering payment to the contractor.

Ashland Electric will begin billing the customer on the customer's utility bill after the loan is closed in accordance with their established billing practices. Customers can make extra payment on the loan or pay off the loan early, without penalty, if they choose. Extra payments or payoffs should be sent directly to the lender.

Consequence for nonpayment will be the same as for other utility service charges: service can be shut-off for nonpayment, according to the terms of Ashland Electric's shut-off policy. Unpaid loan accounts can be collected just like delinquent tax payments.



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Notice of the loan will be recorded with the register of deeds for the county in which the property is located, and the obligation to pay the loan payment will stay with the property and be binding on future owners of the property. (See Appendix C for details.) When the property is sold (or rented), the property owner must disclose the loan to the prospective buyer or renter.

Fees

To maintain and monitor the network of contractors promoting the financing, the program administrator assesses authorized contractors a fee of 1.99% of the loan value upon loan closing. Ashland Electric withholds the 1.99% fee from the checks sent to contractors. Ashland Electric sends the fees to the program administrator monthly, along with a report that summarizes loan activity. The contractor agrees to the 1.99 percent fee when they join the on-bill loan program and sign the contractor agreement.



ELIGIBLE IMPROVEMENTS

Financing may only be used for qualifying energy efficiency, renewable energy, or nonenergy building performance improvements installed by authorized contractors. Measures installed by the building owner—or by any other individual or company not authorized (or not acting as a sub-contractor for an authorized contractor)—are not eligible for financing. Additionally, improvements must save energy, unless the improvements are nonenergy building performance improvements related to energy efficiency, or renewable energy installations. A comprehensive energy assessment is required on every project before any improvements are made. In some cases, the replacement of recently-failed equipment may be eligible for On-Bill Financing, but is subject to additional review by the program administrator and/or Ashland Electric staff.

Comprehensive Energy Assessment

A comprehensive home energy audit (or assessment) by a certified home energy auditor must be completed before the customer applies for financing. A home energy audit is an evaluation of the energy performance of a residential structure—conducted by a qualified person using building performance diagnostic equipment and complying with American National Standards Institute approved home energy audit standards. The audit must meet both of the following requirements:

1. Determines how best to optimize energy performance while maintaining or improving human comfort, health, and safety, as well as the durability of the structure.
2. Includes a baseline energy model and cost-benefit analysis for recommending energy efficiency improvements.

With a comprehensive home energy assessment, building owners are encouraged to implement multiple measures. Whenever recommended by the assessment, health and safety measures must be implemented for the project to be eligible for financing. Contractors must follow <Technical Reference> standard for blower door test procedures when suspected asbestos or other hazardous materials are present.

Energy assessments must be conducted no more than 12 months prior to the loan application.

Customers can pay for the energy assessment up front or roll the cost into their loan. If a building owner does not implement any improvement identified by the energy assessment, or is not approved for financing, the building owner must pay the full cost of the energy assessment.

Eligible Measures List

Appendix A contains a list of eligible measures. Building owners can finance any eligible energy efficiency, renewable energy, or nonenergy building performance improvement that is implemented by an authorized contractor.



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Eligible improvements include: air sealing, air source heat pumps, heat pump water heaters, appliances, boilers, doors, insulation, roofs, skylights, water heaters, and windows; as well as renewable energy measures like solar PV. Improvements eligible for this program are selected from a list of upgrades that have energy savings documented by the [Regional Technical Forum](#) (or comparable methodology).

The on-bill loan program also allows customers to finance the remediation of pre-existing environmental hazards or the repair of physical/structural defects that create health and safety issues (collectively known as nonenergy building performance improvements). The customer may only finance nonenergy building performance improvements if they are coupled with an appropriate efficiency measure, and if the cause(s) of the environmental hazard or physical defect are addressed. (See Nonenergy Building Performance Improvements below).

All appliances and other replaced equipment must be disabled and taken out of service permanently and must be either recycled or disposed of in accordance with local, state, and federal laws, codes, and ordinances. Appliances and other replaced equipment may not be re-used.

In some cases the replacement of recently-failed equipment may be eligible. To be eligible a comprehensive energy assessment must be conducted and loan application should be submitted within 45 days of equipment failure. Additional information may be required to determine historical equipment performance. Applications for the replacement of recently-failed equipment may be subject to additional review.

All work must be performed in accordance with all applicable federal, state, and local codes and standards, and contractors must obtain all required permits from local authorities.

Renewable Energy Improvements

Building owners can use the on-bill financing program for renewable energy measures like solar PV systems. For all solar PV system installations, authorized contractors must also obtain appropriate City of Ashland building permits. The solar PV system must comply with current City of Ashland Interconnection Requirements. Contractors must provide a copy of the interconnection agreement or of the authorization letter with the COC. Ashland Electric has the right to prohibit renewable energy installations. Customers should check with Ashland Electric before starting any renewable energy project.

Residential wind turbines are not eligible for financing. Solar electric systems utilizing Virtual Net Metering are not eligible at this time.

Nonenergy Building Performance Improvements

The on-bill financing program also allows customers to finance the remediation of preexisting environmental hazards or the repair of physical/structural defects that create health and safety issues. The customer may only finance nonenergy building performance improvements if the improvements are



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coupled with an appropriate efficiency measure, and if the cause(s) of the environmental hazard or physical defect are addressed. Examples of this type of work include but are not limited to the following:

- Asbestos abatement with air sealing or when installing a new boiler system.
- Electric service upgrade, necessary when installing a new heating/cooling unit.
- Upgrade of knob and tube wiring to install insulation.
- Radon and lead abatement work.
- The cost of removing an oil tank when done with a heating system replacement.
- Repairs to the home due to water damage, molds or mildew, ice dams, or other symptoms of poor building performance if the cause(s) of building performance-related damage are addressed.

In each of these examples, the remediation of the environmental hazard is necessary to allow for the installation of an efficiency measure. Customers cannot finance the remediation work on their own. A customer must also install a related efficiency measure.

Any remediation work must be performed by a contractor who is qualified, and in many cases, licensed for the task. Contractors should not attempt to remediate environmental hazards or correct physical defects they are not trained or qualified to repair. Doing so will increase contractors' liability and jeopardize their participation in the program. Authorized contractors who can remediate environmental hazards should consider obtaining pollution occurrence (also called pollution liability) insurance to protect them from liability.



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AUTHORIZED CONTRACTORS

All energy-saving, or renewable energy improvements that qualify for financing must be installed by an authorized contractor (i.e., energy auditors and contractors installing qualifying improvements to homes). The program administrator authorizes and manages the contractors. To be authorized, the contractor must meet certain minimum requirements, including appropriate insurance, licensure, and program training. (See Table 3 below for details.) These requirements are reflected in the contractor application that must be completed by the contractor to become an authorized contractor. Authorized contractors can implement any energy efficiency measure on the eligible measures list. (See Appendix A for details.) In all cases, a baseline home energy audit must be conducted before an energy project is undertaken. (See details about requirements for the audit in the Comprehensive Energy Assessment above.)

Table 3. Contractor Minimum Requirements

Category	Description	Documentation Required
Business Organization, Financial/Ethical Stability		
Licensed business	The company is registered with the Corporations Division at the State of Oregon	License number and business type (LLC, corporation, etc.) on application form
Workers' compensation or self insurance	Required for all contractors unless they are a sole proprietor or limited partnership, which are exempt under state law, or a corporation or a limited liability company that has filed for an exclusion	Insurance certificate, proof of sole-proprietorship, or state exclusion form
General liability	Required with minimum coverage of \$2,000,000 per occurrence, \$2,000,000 aggregate	Insurance certificate with Ashland Electric shown as a certificate holder
Add as certificate holder	Contractors must add Ashland Electric as a certificate holder to their certificate of insurance	Insurance certificate with Ashland Electric shown as a certificate holder
License/Certification		
Skilled trade license	Active license in applicable trade (see Table 3), as required by law with no pending actions against the license	Copy of license and confirmation of no pending action on application form
Federal lead-safe certification*	Required for any contractor with a residential builders or maintenance and alterations license (strongly suggested, but optional, for all other contractors)	Proof of successful completion
Training/Education		



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On-Bill Financing Program training	Contractor training session on program requirements and financing.	Proof of participation
<p>* As of April 22, 2010, the U.S. Environmental Protection Agency (EPA) requires that contractors performing renovation, repair, and painting projects that disturb lead-based paint in homes, child care facilities, and schools must be certified and follow specific work practices to prevent lead contamination if the structure was built before 1978. Firms can become certified by completing an application and sending in a fee payment. Applications may take up to 90 days to be approved by the EPA. Individual renovation contractors must complete an EPA-accredited training course to receive certification. More information is available at http://www.epa.gov.</p>		

Any installation contractor performing work in a trade that requires a state license must have a valid license specific to that trade. The relevant state licenses are listed in Table 4. All contractors must have an active construction contractors license and be in good standing with the Construction Contractors Board.

Table 4. Summary of State Licensing Requirements for Contractors

Skilled Trade	License	Special Designations
Construction, including insulation, remodeling, and weatherization	Residential builders	None
Electrical	Electrical contractor or master electrician	None
Mechanical	Mechanical contractor	<ol style="list-style-type: none"> 1. Hydronic heating, cooling, and process piping 2. Heating, ventilation, and air conditioning (HVAC) equipment 3. Ductwork 4. Refrigeration 5. Limited heating service 6. Unlimited heating service 7. Limited refrigeration and air conditioning service 8. Unlimited refrigeration and air conditioning service 9. N/A for program 10. Oregon Solar License
Plumbing	Plumbing contractor or master plumber	None



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Solar Photovoltaic	Master electrician or electrical contractors license, and residential builders license	None
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Note: This table is subject to update and revision.

Because of the complex nature of solar PV systems, the program has additional requirements for solar PV installation contractors. These additional requirements reflect the program administrator's desire that only experienced contractors install these systems.

Contractors must provide documentation that they meet the following minimum requirements:

- Master Electricians license or Electrical Contractors license and a Residential Builders license

If a contractor does not hold the appropriate licenses, they should provide a copy of their sub-contractor's license.

Contractors should also meet one of the following requirements:

- North American Board of Certified Energy Practitioners (NABCEP) Solar PV Installer Certification; or
- NABCEP Solar PV Entry Level Program and two installations totaling 1 kWDC with at least 1 solar PV system that include an inverter and is subject to a complete electrical permitting and inspection process by local authorities. The contractor must have served as foreman, site supervisor, or site manager responsible for the quality of the installation—for both installations; or
- Installations of at least four solar PV systems with three that include an inverter and are subject to a complete electrical permitting and inspection process by local authorities. The contractor must have served as foreman, site supervisor, or site manager responsible for the quality of the installation for at least three of the installations.

Contractor Training

Authorized contractors must participate in training before performing any work under the on-bill financing program. At least one designated employee for each contractor must attend the training. That individual will serve as the contractor's point person to train other employees. While they are not required to do so, other employees having direct contact with customers, particularly those promoting the on-bill loan program, are strongly encouraged to attend the training.

The program training covers the following topics:

- Role of authorized contractors in the program



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- Program guidelines, including eligible improvements
- Customer eligibility and enrollment process
- Use of forms
- Marketing and communications guidelines
- Quality assurance process

Administrative Fees Assessed to Contractors

Authorized contractors shall pay to the program administrator a fee of 1.99% of the loan amount for work completed under the program. The proceeds from collected fees are used by the program administrator to sustain the program's operations. The fee will be deducted from the amount sent by the lender to the contractor.



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BILLING AND PAYMENT

Contractor Payment

After the work is satisfactorily completed, the customer and contractor will sign a COC. The contractor is responsible for submitting this form, the spec sheet, and all supporting documentation to the program administrator. Once the COC is received, the lender will pay the contractor. The contractor will be paid within seven days of receipt of the signed COC.

Customer Rebates

The on-bill loan program is designed to complement utility rebates, state rebates, contractor incentives, and federal tax credits. For incentives offered by the State of Oregon or Ashland Electric, the customer should follow the redemption procedures outlined by those entities. While the contractor can help the customer complete incentive paperwork, the customer is responsible for submitting the rebate form. The customer is also responsible for claiming any applicable federal tax rebates. The contractor will provide all the necessary product information and costs for customers to include in their tax filing.

Because rebate amounts and availability can change quickly and without notice, the program administrator strongly suggests that contractors and customers contact the utility directly for up-to-date information prior to installing any efficiency measure. The program administrator has no control or influence over any rebate program and makes no assurances or guarantees as to rebate amounts or availability. The rebate applied for through Ashland Electric will be applied towards the loan. This only applies to the rebate pertaining to the energy saving measure(s) on the work plan associated with the loan.

The program does not currently provide for a contractor buy-down of the interest rate on a loan. However, contractors may apply other types of incentives before or after the loan is finalized (rebates, cash back, etc.). The contractor shall report any incentives accepted by the customer on the spec sheet.



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CUSTOMER INQUIRIES

Customer inquiries regarding loan-related questions should be directed to the lender. Customers should direct any billing questions to Ashland Electric. Customer complaints regarding services, equipment, or authorized contractors should be directed to the program administrator.

The program administrator oversees all aspects of the on-bill loan program, including program participants, processes, and external communications. In this role, the program administrator reviews certain credentials of the contractors. However, the program administrator does not "certify," "approve," or "qualify" contractors. The program administrator cannot endorse or make any warranties as to the work or business practices of a contractor. The program administrator encourages each customer to research the contractor's work through word of mouth, contractor ratings, customer networks (such as Angie's List), and the Better Business Bureau.

If a customer makes a complaint with the program administrator regarding a contractor's performance, workmanship, or professionalism, the program administrator will note the complaint in the contractor's permanent file and take appropriate action. Repeated customer complaints can result in a contractor's suspension or termination from the program.



QUALITY ASSURANCE

Contractors promoting financing must provide high-quality work and comply with the requirements outlined in this report. The program administrator will perform certain quality assurance (QA) functions to confirm that—on a consistent basis—the financed measures qualify under program guidelines and were installed in accordance with applicable program requirements and industry standards, ensuring that energy savings can reasonably be achieved.

Quality Assurance Objectives

The QA objectives are to:

- Clearly define and educate contractors on the program requirements and institute processes and systems to avoid problems where possible and to proactively identify potential issues
- Verify that financed measures are qualifying improvements under program guidelines
- Verify that the contractor followed Ashland Electric program guidelines in performing the work and related paperwork requirements
- Verify that there were no fraudulent or misleading actions on the part of the contractor or auditor
- Confirm customer satisfaction with contractor’s performance and quality of work
- Provide a process for evaluation of contractor performance and workmanship and the resolution of identified problems

Quality Assurance Procedures

The QA procedures for overall program compliance and installation of measures are summarized in Table 6. These procedures combine contractor training and feedback through traditional oversight, while also providing a high level of assurance for building owners that measures were installed correctly, a check for fraudulent activity, and continual improvement from contractors.

The QA procedures generally follow the Home Performance with ENERGY STAR® (HPwES) model, including document reviews, file checks, and site inspections. <Program Administrator> will coordinate with any HPwES program in the state, such as the Consumers Energy program, to use that program’s QA in lieu of most of these procedures. In addition, to avoid duplication, <Program Administrator> will coordinate with third-party accreditation programs on QA activities for contractors participating in the <Program Administrator> program.

Table 5. Summary of Quality Assurance Procedures

QA Measure	Purpose
Document review	Review COC for signatures and specification sheet for compliance with program guidelines



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Customer satisfaction survey	Confirm contractor work quality and customer satisfaction with overall program—screen for site inspection
Phone call to customer	Verify customer satisfaction—screen for site inspection
Site inspections (periodic)	Verify accurate reporting and appropriate installation of measures

Document Review

After the COC and the specification sheet are uploaded to <Program Administrator> through the OCP, <Program Administrator> reviews the documents for accuracy and completeness. If the documents are not complete, <Program Administrator> sends an email to the contractor asking for the missing information. If the missing information is not provided within two weeks, <Program Administrator> will call or send a second email request and give the contractor another two weeks to provide the missing information. If the contractor does not respond, then <Program Administrator> may issue a corrective action report (CAR) to the contractor.

Customer Satisfaction Survey

<Program Administrator> sends a customer satisfaction email survey to each customer following the completion of the project. Customers rate their experience with <Program Administrator> and the authorized contractor. All customers are given the opportunity to provide feedback, and all feedback that is received is anonymized, recorded, and made available in the “rating” column of the contractor search result. <Program Administrator> will not provide names or contact information for any customer that submits feedback. Concerns with any customer comments or ratings should be submitted to <Program Administrator> staff.

Phone and Site Inspections

After <Program Administrator> reviews the documents for completion and accuracy, a certain percentage of projects will be selected for further review. Projects with unusual diagnostic test results or potential discrepancies will be flagged for site inspection. If additional projects need to be inspected to meet the minimum level of site inspections, projects will be selected at random.

Phone or site inspections will occur on two of the contractor’s first ten projects, and then 5 percent of projects thereafter. Initially, <Program Administrator> staff will call the customer to confirm their satisfaction with the work and ask if they would like an onsite visit by staff. <Program Administrator> staff will coordinate the site inspection directly with the building owner.



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<Program Administrator> staff may request additional documentation in advance of a site inspection. This may include documentation of efficiency or equipment sizing, such as <Reference Program TBD> calculations, manufacturer documents, project invoice, or the start-up manual used to calibrate a furnace. Contractors must have these documents on file and supply them within ten days of the request.

During a site inspection, <Program Administrator> staff will perform the following tasks:

- Visually, and through conversation with building owner, verify basic information about the home and the installed equipment.
- Visually confirm that all work identified in work scope has been completed.
- Verify that installation of equipment or materials is satisfactory:
 - Confirm reported efficiency rating of installed equipment, where applicable (evidence of window efficiency must be available at the home for purchase verification or available upon request).
 - Verify that furnace was calibrated appropriately (manufacturer's start up sheet has been completed and left with the building owner or is available from contractor upon request).
- Verify that no unsafe conditions from installed work exist.
- Verify that permits were pulled, if applicable.

For air sealing and insulation projects with diagnostic testing, <Program Administrator> staff will perform the following tasks:

- Visually, and through conversation with building owner, verify basic information about the home and the installed equipment.
- Confirm if the building owner received an audit report (visually inspect if possible).
- Visually confirm that all work identified in work scope has been completed.
- Verify that installation of equipment or materials is satisfactory:
 - Confirm reported efficiency rating of installed equipment, where applicable (evidence of window efficiency must be available at the home for purchase verification or available upon request).
 - Verify that furnace was calibrated appropriately by reviewing the manufacturer's start up sheet, when available.
 - Visually inspect attic insulation to confirm pre- and post- R value of insulation.
 - Inspect other insulation.
- Verify that no unsafe conditions from installed work exist.
- Verify the blower door test-out results.
- Verify that there is no obvious failure to comply with applicable laws, codes, and ordinances, such as providing R value and material for insulation to occupant.

Types of Deficiencies and Corrective Action Reports

All deficiencies identified during quality assurance reviews and inspections will be categorized as safety,

workmanship, or programmatic findings based on the guideline provided below. All deficiencies will



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require a corrective action, as indicated on the CAR.

Any repeated deficiencies will be cause for evaluation of contractor program status or dismissal from the program. If objective evidence is not supplied indicating that corrective actions have been addressed, including pictures or other such evidence, <Program Administrator> may require an additional field inspection to verify the completion of the corrective action.

Safety Deficiencies

Safety deficiencies detected during site inspections must be addressed by the contractor within 48 hours of receipt of the CAR, because there is an immediate health and safety risk to the building owner.

Safety deficiencies may include:

- Electric, fire, or structural hazards to occupant that were part of installation
- Failed combustion safety testing results
- Gas leaks
- Improper clearance to combustibles that were part of installation
- Improper pipe wrap installation that creates a combustion hazard
- Serious moisture issues that were not corrected by the installed measures
- Unsafe conditions from installed work that are an immediate risk to occupants
- Violation of the Building Airflow Standard
- Other issues as defined by <Program Administrator> staff during the site inspection

Workmanship Deficiencies

Workmanship deficiencies detected during inspections must be addressed by the contractor within 14 days of contractor receipt of the CAR. Examples of workmanship deficiencies include:

- Failure to follow all applicable laws, codes, and ordinances
- Failure to provide building owner with furnace calibration worksheet (start-up sheet)
- HVAC equipment is improperly installed or not operational
- HVAC system is over- or under-sized by more than 20,000 BTUs when compared to <Reference Program TBD> calculation
- Missing carbon monoxide detector, conforming to Underwriters Laboratory standard 2034,
- Poor workmanship
- Test-out diagnostics incomplete or inaccurate (Example: greater than 10 percent variance between contractor test-out and quality assurance blower door results)
- Unvented combustion appliances defined by the Building Performance Institute as a health and safety issue left in the building
- Other issues as noted by inspector

Programmatic Deficiencies

Programmatic deficiencies are issued by <Program Administrator> during documentation review. Deficiencies must be addressed by the contractor within 30 days of contractor receipt of the CAR.

Examples of

programmatic deficiencies include:



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- Failure to submit COC or specification sheet in a timely manner
- Failure to respond to safety and workmanship CARs
- Financing of nonqualifying measures
- Installation of measure was different than that noted on <Program Administrator> specification sheet
- Installation of eligible measures not recorded on the specification sheet
- Misrepresentation
- Other issues as noted by inspector

Contractor Response to Corrective Action Reports

All inspection noncompliance and/or deficiencies, whether safety, workmanship or programmatic, will be documented on a CAR and transmitted to the contractor. Contractors may be asked to submit a written response to <Program Administrator> indicating how they have implemented the corrective action required, and what steps will be taken to prevent future deficiencies. Failure of the contractor to respond by the time designated on the CAR may result in a change in contractor status. Nonresponsive or late response to a CAR may result in the contractor's suspension or termination. Response times may vary, and contractors should consult the CAR for the response time specific to a given project. General contractor response times to correct a deficiency of installation are shown below. Contractors may be required to implement longer-term measures to prevent further deficiencies in the future, such as staff training.

- **Safety corrective actions:** Must be remedied by the contractor within 48 hours or time noted on CAR.
- **Workmanship corrective actions:** If possible, deficiency must be remedied by the contractor within 14 days. If a remedy is not possible (i.e., the contractor has oversized a furnace) then the contractor may be asked by <Program Administrator> to submit a written action plan to prevent future Deficiencies.
- **Programmatic corrective actions:** If possible, deficiency must be remedied by the contractor within 30 days. If a remedy is not possible, then the contractor must submit to <Program Administrator> a written action plan to prevent future deficiencies. <Program Administrator> is responsible for verifying and approving any corrective actions submitted by the contractor. If CARs are incomplete or do not adequately address the deficiency, the contractor will be notified of the deficiency by <Program Administrator> and required to resubmit the CAR response.

Written Response

CARs include space for contractors to submit a written response to the deficiencies noted by the inspector. Upon request, contractors who receive a CAR should return it with a written response explaining what steps they will take to correct the noted deficiency (short-term corrective actions), as



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well as what steps they will take to ensure that such deficiencies are not repeated (long-term corrective actions). Long-term corrective actions may include changes to a contractor’s business procedures and staff, or training for current staff. Objective evidence of corrective actions, such as pictures, training records, and updated procedural manuals, must be supplied for all safety and workmanship CARs and as needed for any minor CARs.

Corrective Action Examples

Example CARs and corrective actions are summarized in Table 6.

Table 6. Corrective Action Examples

Deficiency	CAR Type	Response Time	Root Cause	Short-term Corrective Action	Long-term Corrective Action	Objective Evidence
Gas leaks	Safety	24 hours	Improper installation	Leak repaired within 24 hours of notice	Improved training of technicians	Customer confirmation of repair
Failure to submit COC and specification sheet in a timely manner	Programmatic	30 days	Not familiar with program requirements	Additional staff training	None	Proof of training
Oversizing of HVAC equipment	Workmanship	14 days	Incorrect <Reference Program TBD> calculation	Notice to all staff to perform and document <Reference Program TBD> calculations	None	<Reference Program TBD> software identified, and sample <Reference Program TBD> calculation performed by contractor
Installing ineligible measure	Programmatic	30 days	Not familiar with program requirements	Additional staff training	None	Proof of training



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<Reference Program TBD> calculation not completed	Workmanship	14 days	<Reference Program TBD> calculation not completed by staff	Reminder to staff to complete <Reference Program TBD> calculation for all installations	Installation checklist distributed to staff that includes all steps to be taken when installing a furnace, including sizing furnace with <Reference Program TBD> calculation	Copy of notice to staff and checklist submitted with written response
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Contractor Participation Status

Contractors who successfully complete one project every 12 months, without any major issues, will remain in good standing. <Program Administrator> staff will evaluate contractor performance on, at least, an annual basis to ensure that contractors continually meet our standards for workmanship and comply with program requirements. <Program Administrator> reserves the right to terminate contractors, who do not meet our quality standards or who repeatedly fail to comply with program requirements.

<Program Administrator> will use best judgment, based on the number and severity of issues, when determining if a contractor's participation in <Program Administrator> should be terminated. Depending on the severity, number, and type, the following noncompliance issues could lead to a contractor's termination.

- Failure to complete one loan every 12 months or failure to pay the \$25 annual fee when a loan is not completed each year
- Failure to follow program guidelines and requirements, including form completion or installation requirements
- Health and safety issue in home resulting from work
- Loss of license or insurance or other requirements
- Misrepresentation
- Convictions or disciplinary action by state or other official body
- At all times, <Program Administrator>, at its own discretion and without reason, retains the right to terminate a contractor from participating in the program.

Customer Inquiries and Complaints



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Customer inquiries or complaints regarding services or equipment installed should be directed to the contractor. <Program Administrator> encourages each customer to research the contractor's work through word of mouth; contractor ratings; customer networks, such as Angie's List; and the Better Business Bureau.

If a customer files a complaint with <Program Administrator> regarding a contractor's performance, workmanship, or professionalism, <Program Administrator> will note the complaint in the contractor's permanent file and take appropriate action. Repeated customer complaints can result in a contractor's suspension or termination from <Program Administrator>. Customer complaints will be flagged and reviewed by <Program Administrator> and may be prioritized for a site inspection. Site inspections do not constitute an effort to resolve any disagreement between the customer and the contractor.

Customers should direct any billing questions to Ashland Electric Utility Billing staff.



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METRICS AND REPORTING

The program administrator will monitor the effectiveness and impacts of the on-bill financing program. Key metrics include the following:

- Number of loans
- Loan value (average and total)
- Energy savings (average and total)

The program administrator will have access to information on customer participation, measures installed, and utility savings in accordance with authorizations signed by participating customers. The program administrator and its officers, directors, and agents will take necessary precautions to protect the confidentiality of the customer and contractor information and will only use the information for evaluation and program management purposes.

MARKETING

The program administrator will rely on two primary marketing efforts to promote the on-bill loan program. These two efforts will be spearheaded by Ashland Electric and the program administrator.

The program administrator will provide authorized contractors with a contractor marketing tool kit that stipulates marketing guidelines and resources to help authorized contractors promote the on-bill loan program to customers. The tool kit includes information, such as permitted and required uses of logos and other branding requirements, contractor identification cards, and sample copies of marketing materials. Contractors can also follow the on-bill financing program branding guidelines to develop their own customized marketing materials with the on-bill financing program logo. Any use of Ashland Electric's logo(s) must be requested in writing. Ashland Electric reserves the right to deny and/or terminate a contractor's use of its logo. The program administrator reserves the right to request changes to, or the termination of, any contractor-generated marketing materials that do not meet program or brand guidelines. The contractor bears all changes and associated costs. Contractors can request a review of draft materials, but this is not required.

At no time will the contractor represent its business as an agent or representative of Ashland Electric or <Program Administrator>. Contractors may represent themselves as an authorized contractor. The program administrator does not "certify," "approve," or "qualify" contractors. Any contracts between the contractor and its customers, or any third parties, shall clearly and conspicuously express that no agency relationship exists between the contractor and the program administrator.



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PROCESS TO AMEND THE ON-BILL FINANCING PROGRAM

Ashland Electric seeks to continuously improve the on-bill financing program. Suggestions may be sent to City of Ashland <Staff, Address, Email>. The suggested changes will be reviewed by program staff and may be presented to the program participants for consideration.



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APPENDIX A: ELIGIBLE MEASURES LIST

Appliances	Useful Life (years)
Clothes dryer	14
Clothes washer	11
Dehumidifier	12
Dishwasher	11
Freezer (chest)	21
Refrigerator/freezer	16
Electric vehicle charger	10
Building Envelope	
Air seal can lights	15
Attic/roof insulation	25
Attic hatch insulation	20
Basement wall insulation	25
Cool roofing	20
Crawlspace wall insulation	25
Door (exterior)	20
Door weather-stripping	5
Duct insulation	20
Floor insulation	25
Infiltration reduction (any %)	13
Kneewall insulation	20
Pipe wrap	15
Rim joist insulation	25
Wall insulation	25
Windows	25
HVAC Improvements	
AC (package system)	15
AC (split system)	15
Air source heat pump (ASHP)	15
Duct sealing	18
Heat pump water heater	10
Thermostat	9
Renewable Energy Improvements	
Solar hot water heater	20
Solar PV	20
Other Energy Improvements	
Ceiling fans	15
LED bulbs	15
Whole house fan	15



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Ineligible measures:

The On-Bill Financing program shall not include the following:

- Energy efficiency technologies which are not commercially available.
- Measures that require NEPA review.



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APPENDIX B: SAMPLE LOAN APPLICATION

Below is a sample loan application for the Program. The actual Program loan application would be created and certified by the loan originator for the Program, once all participating utilities agree to program terms and conditions.

Loan Agreement & Disclosure Statement for On-Bill Financing

Home Improvement Installment Contract

Loan date:	Loan number:	Account number:

Borrower	Borrower
Name:	Name:
Address:	Address:

See addendum for additional Borrowers and their signatures

Truth in Lending Disclosure

Annual Percentage Rate	Finance Charge	Amount Financed	Total of Payments
_____ %	\$ _____	\$ _____	\$ _____

Number of Payments	Amount of Payments	Payments Are Due:
_____ of payments	\$ _____ per month See Note under Promise to Pay on page 2.	Payments are due on the same date as your utility bill starting not sooner than 30 days after the Contractor Paid Date

Late Charge: If you do not pay a payment on time, you will owe a late charge in the amount of



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5% of your monthly payment, if your payment is 10 days or more delinquent.

Property
This Agreement is made to finance energy improvements to the Borrowers' property known as: Address: _____

Itemization of Amount Financed

Amount To Be Paid to Program Administrator	Amount To Be Paid To Your Energy Improvement Contractor(s)	Total Amount To Be Advanced
\$ _____	\$ _____	\$ _____

Signatures

By signing as Borrower, you agree to the terms of the Loan Agreement.

CAUTION: IT IS IMPORTANT THAT YOU THOROUGHLY READ THE AGREEMENT BEFORE YOU SIGN IT. DO NOT SIGN THIS AGREEMENT IF THERE ARE BLANKS.

This Agreement is secured by a lien on the property monthly payments that are not paid on time may be added to your tax bill and enforced against the Property through the tax lien foreclosure process in the same manner and with the same priority as the charges for your electric service and real property taxes. The Borrowers who signed this Loan Agreement are all of the owners of the Property.

Dated: ___/___/____	Dated: ___/___/____
X _____	X _____
Borrower:	Borrower:
Title:	Title:



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Additional Terms

In this Loan Agreement ("Agreement") all references to "we," "our," or "us," mean City of Ashland Electric Utility, whose name appears above and anyone to whom Ashland Electric assigns or transfers this Agreement. All references to "you," or "your," mean each person who signs this Agreement as a borrower.

1. **PROMISE TO PAY.** You promise to pay \$ to Ashland Electric plus interest on the unpaid balance until what you owe has been paid in full. The interest rate is ____ % per year. You agree to pay monthly payments in the amount of \$ _____ per month. Note: the amount of the last payment may be affected by early or late payments. The final payment of the entire unpaid balance of principal and interest will be due at maturity. The maturity date is the date the final payment is due. Any electric rebates will be applied towards the balance of the loan. This does not affect your payment due date or schedule with the exception of your payoff date being sooner.

2. **USE OF LOAN.** The loan proceeds will be used solely to pay for an energy audit of your property and energy improvements by your Energy Improvement Contractor(s), to your Property known as [Address], [City], Oregon [Zip Code]

3. **CONTRACTOR PAID DATE.** This date is the future date in which loan funds are disbursed to your Energy Improvement Contractor(s). This date occurs after all material and work has been satisfactorily completed per your contract with your Contractor and a certificate of completion signed by you is submitted. Amount To Be Paid to <Program Administrator> Amount To Be Paid To Your Energy Improvement Contractor(s): Total Amount to be Advanced \$ \$ \$ Itemization of Amount Financed Itemization of Amount Financed 34

4. **METHOD OF DISBURSEMENT.** We will disburse the cost of the energy audit and the cost of energy improvements to your Energy Improvement Contractor. We will notify you of the disbursement. The total balance of the amounts advanced may not exceed the Amounts Financed set forth on page 1. Payment to your energy improvement contractor are a part of charges for electric service to your property and create a statutory lien on the property.

5. **BORROWERS' REPRESENTATIONS.** You represent to us that:

a. The Borrower(s) who signed this Agreement are all of the owners of the Property and own it in the name of the Borrower(s).

b. You consent to Ashland Electric or any third party originator or servicer sharing information about this loan with Ashland Electric's Board of Directors.

c. You have contracted directly with an energy audit firm to audit and the Contractor to perform energy improvements to your property and agree that Ashland Electric and its third party originators and servicers are not responsible for the audit firm's or Contractor's performance or the quality of their work or performance of any warranty.



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d. You agree that you may not withhold payment on this Agreement for any amounts claimed to be owed to you for any claim against the energy audit firm or Energy Improvement Contractor except to the extent required to be allowed by Oregon consumer protection laws.

e. If you sell or transfer your Property, you will advise the buyer of this Agreement and the on-bill payment obligations.

f. If the Property is or will be used for rental property, you or future owners shall keep the utilities in your name and will not file an affidavit or notice of the Tenant's responsibility for payment of charges for electric services. The filing of such an affidavit shall not affect the ability to add delinquent payments to future tax bills.

g. Borrower has determined that the execution of this Loan Agreement does not violate the terms of any mortgage or land contract signed by Borrower.

6. **PAYMENTS BILLED ON ELECTRIC BILL.** You agree to be billed your monthly payments on your Ashland Electric utility bill in the monthly amount set forth above. The payments shall be a "per meter" charge and shall run with the property. The monthly payment billed by Ashland Electric must be paid in order for it to provide electric service to the Property. Payments will commence with the next monthly Ashland Electric bill after disbursement to your Energy Improvement Contractor and arrangements are completed with Ashland Electric. Payments will be due on the same date as your utility bill starting not sooner than 30 days after the contractor paid date. Payments received by Ashland Electric will be first applied to utility charges for electric, water and sewer, then to other utility charges and then to your loan payments described in paragraph 1.

7. **RECORDING OF MEMORANDUM AND NOTICE OF ON-BILL PAYMENT.** You agree that we may record a Memorandum and Notice of On-Bill Payment signed by you with respect to your Property. The Memorandum will be discharged or terminated by Ashland Electric who is recording a notice of discharge.

8. **PREPAYMENT:** You may pre-pay the amount of principal, interest and other charges owed under this Agreement, in full or in part, at any time without penalty.

9. **DEFAULT.** You will be in default under this Agreement if you do not make a payment of the amount required on or before the date it is due. You will be in default if you break any promise or representation that you made in connection with this loan or if you made any false or misleading statements in your loan application. You will also be in default if something happens that we believe may seriously affect your ability to repay what you own under this Agreement or if you are in default under any other loan agreement you have with us.

10. **ACTIONS AFTER DEFAULT.** When you are in default, we may demand immediate payment of the entire unpaid balance under this Agreement. You waive any right you have to receive demand for payment, notice of intent to demand immediate payment and notice of demand for immediate payment.



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If we demand immediate payment, you will continue to pay interest at rate provided for in this Agreement, until what you owe has been repaid. We may also exercise any other rights given by law when you are in default. You also agree that the payments due under this Agreement may be enforced in the same manner as charges for electric services which may include shut off of electric service to the Property and placing the delinquent amounts on the real property tax bill for the Property. Once placed on the tax bill, the amounts due will be collected in the same manner, and with the same priority as real property taxes and all fees and charges applicable to delinquent taxes will apply.

11. **EACH PERSON RESPONSIBLE.** Each person who signs this Agreement will be individually and jointly responsible for paying the entire amount owed under this Agreement. This means we can enforce our rights against any of you individually or against all of you together.

12. **LATE CHARGE.** If you are late in making a payment, you promise to pay the late charge shown in the Truth in Lending Disclosure. If no late charge is shown, you will not be charged one.

13. **DELAY IN ENFORCING RIGHTS.** We can delay enforcing any of our rights under this Agreement any number of times without losing the ability to exercise our rights later. We can enforce this Agreement against your heirs or legal representatives.

14. **DUE ON SALE** If all or any part of the Premises or any interest in the Premises is sold or transferred without Ashland Electric's prior written consent, Borrower is in default and Ashland Electric may require immediate payment in full of all money then owed under this Agreement. However, this option may not be exercised if it is prohibited by law. If Ashland Electric exercises this option, it shall give Borrower notice of acceleration and Borrower and any unconsented transferee shall pay all such money within 30 days. If not so paid, Ashland Electric may invoke all remedies permitted by this Agreement without further notice or demand.

15. **CONTINUED EFFECTIVENESS.** If any part of this Agreement is determined by a court to be unenforceable, the rest will remain in effect.

16. **NOTICES.** Notices will be sent to you at the most recent address you have given us in writing. Notice to any one of you will be notice to all. In the event that you sell or transfer the Property, you agree that we may send notices and provide information about this Agreement to anyone who acquires an interest in the Property. Notice to Ashland Electric shall be in writing and delivered or mailed by certified mail to the offices of Ashland Electric, at <Address>.

17. **COMPLETE AGREEMENT.** This Agreement is the complete agreement between the parties and supersedes any prior representation, negotiation or agreement between the parties.

18. **AMENDMENTS.** This Agreement may only be amended or changed by an agreement in writing signed by Ashland Electric, any other attempted or alleged amendments or changes shall be void and of no effect.

19. **GOVERNING LAW.** This Agreement shall be governed by the laws of the State of Oregon.



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Information Concerning Energy Improvements Financed under Agreement

Borrowers Name(s): _____

Loan number: _____

Borrower's Contractor 1:

Name: _____

Address: _____

Borrower's Contractor 2:

Name: _____

Address: _____

Borrower's Contractor 3:

Name: _____

Address: _____

Borrower's Contractor 4:

Name: _____

Address: _____



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- a. Cash Price for Energy Improvements, including cost of audit: \$ _____
- b. Insurance or Warranty charge, if any: \$ _____
- c. Amount of official fees, if any: \$ _____
- d. Direct Payment to Contractor by Borrower: \$ _____

Amount of Energy Improvements/Audit Financed: \$ _____

(total of a, b, c, and d, less e)

Description of Energy Improvements:

Energy efficiency home improvements and related services

Notice to Borrower:

- (1) Do not sign this Loan Agreement before you read it.
- (2) You are entitled to a completely filled-in copy of this Loan Agreement.
- (3) Under the law, you have the right to pay off in advance the full amount due and, under certain conditions, to obtain a partial refund of the finance charge.
- (4)) You should require that your Energy Improvement Contractor sign and provide you with a written contract that contains all of the terms of your contract with the Contractor and you should receive a completed copy of it. Do not sign a contract for Energy Improvements if it contains blanks.

I/We acknowledge reading the above Notice and receiving a complete copy of this Agreement by initialing and inserting the date here:

Borrower 1 Signature Date



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Borrower 1 Signature Date

Ashland Electric Authorized Signature Date



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Addendum to Ashland Electric Financing Agreement

{For when there are more than 2 Borrowers}

Loan number:

The following additional persons or entities are additional Borrowers on the Ashland Electric Financing Agreement, loan number _____. The undersigned acknowledge receiving a completed copy of the Financing Agreement, pages 1-4 and agree to be bound by its terms as a Borrower.

Borrower #3: _____

Address: _____

Signature: X _____

Title: _____

Dated: _____

Borrower #4: _____

Address: _____

Signature: X _____

Title: _____

Dated: _____



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APPENDIX C: MEMORANDUM AND NOTICE OF ON-BILL PAYMENT AGREEMENT

MEMORANDUM AND NOTICE OF ON-BILL PAYMENT AGREEMENT

THIS MEMORANDUM AND NOTICE OF ON-BILL FINANCING AGREEMENT is made this day of , by and between , , of (the “Owner”) and Ashland Electric of [address of capital provider/lender] Ashland Electric.

WITNESSETH:

WHEREAS, Ashland Electric and the Owner have entered into a Loan Agreement (the “Agreement”) of even date herewith to finance energy improvements to the Property described below with payments billed as a per-meter charge on electric utility bills for the property; and

WHEREAS, the parties desire to enter into this Memorandum to give record notice of existence of the Agreement pursuant to <AMC code reference>.

NOW THEREFORE, for other good and valuable consideration, the Owner and Ashland Electric acknowledge, and the parties give notice that:

1. They have entered into a Loan Agreement to finance energy improvements for the property known as , [City, State, Zip], legally described as follows: Tax Parcel No.: (the “Property”)
2. The Agreement provides for the monthly payments due under the Agreement to be billed on the electric utility bill for the Property in the amount of \$ ____ per month with the last bill due on or before .
3. The on-bill payments are deemed part of the charges for electric services to the property pursuant to <AMC code reference> and thus, are an obligation the runs with the land and the meter for the Property requiring payment in order to obtain electric service to the property.
4. Nonpayment of the electric bill and the loan payments can be enforced in the same manner as nonpayment of other charges for municipal electric services to the property, i.e., by shut-off of electric service or collected as taxes
5. The Agreement provides that the Owner and Owner’s successors must keep the electric utility account in the owner’s name may not file an affidavit of tenant responsibility for any unit of the Property while the Agreement has an outstanding balance.
6. This Memorandum will be discharged only when the Agreement has been paid in full. Information about the Agreement, its terms, or the amount owed can be obtained from Lender at the address set forth above. This instrument is exempt from transfer taxes, because this Memorandum and Notice is not an instrument of sale or transfer of the property but merely gives notice of the Agreement.

{Signatures on next page}



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The parties hereto have executed this Memorandum and Notice on day of , .

Owners: By: ,

Owner By: , Owner [name of capital provider/lender],

Fund By: , its President STATE OF OREGON) COUNTY OF) ss.)

The foregoing instrument was acknowledged before me in County, State of Oregon, this of , , by and , Owners. Notary Public, County, Oregon

My commission expires:

Acting in County, Oregon STATE OF OREGON) COUNTY OF)) ss.

The foregoing instrument was acknowledged before me in County, State of Oregon, this of , , by as President of the [name of capital provider/lender]. Notary Public, County, Oregon

My commission expires:

Acting in <County>, Oregon



City of Ashland has significant experience in administering efficiency measures and seeks RESP funds to expand on the success of current energy loan programs.

Ashland Electric anticipates that the following core staff will be involved in the implementation of the relending program for energy efficiency:

- Adam Hanks, City Manager Pro Tem, City of Ashland
- Tom McBartlett, Electric Director, Ashland Municipal Electric Utility
- Melanie Purcell, Finance Director, City of Ashland
- Bryn Morrison, Administrative Services Manager, Ashland Electric Billing/Finance Departments
- Stu Green, Climate and Energy Analyst, City of Ashland
- Katrina Brown, Assistant City Attorney, City of Ashland

ATTORNEY LETTERHEAD

(Insert date)

Administrator
Rural Utilities Service
United States Department of Agriculture
Washington, D.C. 20250-1500

Subject: Pegasus Solar, LLC "A50" loan

Dear Sir:

I have examined or caused to be examined by competent and trustworthy persons, such corporate records and files and such other records, indexes and files as I have deemed necessary to permit me to render the opinions expressed herein.

I am of the opinion that:

- (a) the Borrower has real or personal property interest(s) (including easements, rights of way or leases) in the counties of _____
_____ in the State(s) of _____, and _____ mortgage counterparts are necessary for registering and indexing as a real estate mortgage in the appropriate offices in which the Borrower owns real property;
- (b) the Borrower was organized under the laws of the State of _____ as a (corporation/cooperative/other) and it is in good standing as evidenced in the attached Certificate of Good Standing marked as Schedule A hereto;
- (c) attached hereto and marked "Schedule B" is a complete and accurate list of all the real property owned or leased by the Borrower, excluding easements and rights of way;
- (d) the property descriptions contained in the attached exhibit marked as Schedule "B" are legally sufficient in the above specified State(s), in form, substance and copy quality, for inclusion in the granting clause of a mortgage and security instrument creating a lien on such property (Please list any changes from the descriptions of real property in the last security instrument and reasons therefor. Please provide the present market value of all real property acquired and any improvements constructed thereon since the date of the last mortgage.);
- (e) the Borrower's organizational number is _____ (or the Borrower does not have an organizational number);
- (f) the Borrower is qualified to conduct business in the State(s) of _____;

- (g) the exact true and correct legal name of the Borrower, as stated in the articles of incorporation or in the applicable organizational document(s) is _____
_____;
- (h) the Borrower's corporate debt limit¹ (set in accordance with its articles of incorporation/charter/statute/board resolution or as set forth in the most recent RUS mortgage) is \$_____;
- (i) the execution, delivery and performance by the Borrower of loan documents {would} {would not} require the consent, permission or authorization of {the} {any} government authority entitled _____;
- (j) the borrower's tax payer identification number is _____;
- (k) the borrower has entered into a Power Supply Contract(s), exclusive of amendments, with {Insert name of power supplier}. The power contract is named {enter the complete contract name} and is dated _____;
(Include ALL Contracts including SEPA)
- (l) there are no pending claims or litigation against the Borrower (Otherwise, list any pending litigation, including levels of related insurance coverage and the potential effect on the Borrower on Exhibit B.);
- (m) CHOOSE ONE OF THE FOLLOWING;
- (1) the Borrower has no subsidiary.
- OR
- (2) the Borrower has the following named subsidiary or subsidiaries _____
_____;
- (n) the titles of the officials of the Borrower with the proper authority to execute all loan documents on behalf of the Borrower, and attest to the execution where required, are [President and Secretary (or other applicable titles)].

Very truly yours,

Attachments:

(Good Standing Certificate - marked as Schedule A - Good Standing Certificate)

(Property Schedule - marked as Schedule B - Property Schedule)

¹Note: The mortgage must specify a specific dollar amount for the debt limit. The mortgage may not say "Unlimited" or word(s) of similar meaning.

USDA
Form RD 400-4
(Rev. 11-17)

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

OMB No. 0570-0062

The

(name of recipient)

(address)

As a condition of receipt of Federal financial assistance, you acknowledge and agree that you must comply (and require any subgrantees, subrecipients, contractors, successors, transferees, and assignees to comply) with applicable provisions of national laws and policies prohibiting discrimination, including but not limited to:

1. Title VI of the Civil Rights Act of 1964, as amended, which prohibits you from discriminating on the basis of race, color, or national origin (42 U.S.C. 2000d et seq.), and 7 CFR Part 15, 7 CFR 1901, Subpart E.

As clarified by Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [in accordance with USDA RD LEP Guidance for RD Funded (Assisted) Programs]. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary. You are encouraged to consider the need for language services for LEP persons served or encountered both in developing your budgets and in conducting your programs and activities. For assistance and information regarding your LEP obligations, go to <http://www.lep.gov>;

2. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating on the basis of sex in education programs or activities (20 U.S.C. 1681 et seq.) [as implemented by 7 CFR Part 15, 7 CFR 1901, Subpart E];

3. The Age Discrimination Act of 1975, as amended, which prohibits you from discriminating on the basis of age (42 U.S.C. 6101 et seq.) [as implemented by 7 CFR Part 15, 7 CFR 1901, Subpart E];

4. Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits you from discriminating on the basis of disability (29 U.S.C. 794) [as implemented by 7 CFR Part 15, 7 CFR Part 15b, 7 CFR 1901, Subpart E];

5. Title VIII of the Civil Rights Act, which prohibits you from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex (42 U.S.C. 3601 et seq.), as implemented by the Department of Housing and Urban Development at 24 CFR part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units, i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators) be designed and constructed with certain accessible features, see 24 CFR Part 100.201; and

6. Titles II and III of the Americans with Disabilities Act, which prohibit you from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189), as implemented by Department of Justice regulations at 28 C.F.R. parts 35 and 36, and 7 CFR Part 15, 7 CFR Part 15b, 7 CFR 1901, Subpart E.

You also acknowledge and agree that you must comply (and require any subgrantees, subrecipients, contractors, successors, transferees, and assignees to comply) with applicable provisions governing USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) access to records, accounts, documents, information, facilities, and staff :

1. You must cooperate with any compliance review or complaint investigation conducted by USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service).
2. You must give USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) access to and the right to examine and copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as may be necessary, as required by Title VI, Title IX, Age, and Section 504 implementing regulations and other applicable laws or program guidance.
3. You must keep such records and submit to the responsible Department official or designee timely, complete, and accurate compliance reports at such times, and in such form and containing such information, as the responsible Department official or his designee may determine to be necessary to ascertain whether you have complied or are complying with relevant obligations.
4. You must comply with all other reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.
5. Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Rural Development or the U.S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
6. If, during the past three years, you (the recipient) have been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, you must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements.
7. In the event any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status against you, or you settle a case or matter alleging such discrimination, you must forward a copy of the complaint and findings to USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service), Office of Civil Rights.

The United States has the right to seek judicial enforcement of these obligations.

You also acknowledge and agree that you must comply (and require any subgrantees, subrecipients, contractors, successors, transferees, and assignees to comply) with applicable provisions of program-specific nondiscrimination policy requirements found at CFR Part 15, 7 CFR Part 15 b, 12 CFR Part 202, 7 CFR 1901, Subpart E., DR4300-003, DR4330-0300, DR4330-005.

Period of Obligation

In the case of any service, financial aid, covered employment, equipment, property, or structure provided, leased, or improved with federal assistance extended to the Recipient by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service), this assurance obligates the Recipient for the period during which federal assistance is extended. In the case of any transfer of such service, financial aid, equipment, property, or structure, this assurance obligates the transferee for the period during which federal assistance is extended. If any personal property is so provided, this assurance obligates the Recipient for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the Recipient for the period during which the federal assistance is extended to the Recipient by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service).

Employment Practices

Where a primary objective of the federal assistance is to provide employment or where the Recipient's employment practices affect the delivery of services in programs or activities resulting from federal assistance extended by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service), the Recipient agrees not to discriminate on the grounds of race, color, national origin, sex, age, or disability, in its employment practices. Such employment practices may include, but are not limited to, recruitment, advertising, hiring, layoff or termination, promotion, demotion, transfer, rates of pay, training and participation in upward mobility programs; or other forms of compensation and use of facilities.

Data Collection

The Recipient agrees to compile and maintain information pertaining to programs or activities developed as a result of the Recipient's receipt of federal assistance from Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service). Such information shall include, but is not limited to the following: (1) the manner in which services are or will be provided and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination; (2) the population eligible to be served by race, color, national origin, sex, age, and disability; (3) data regarding covered employment including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English; (4) the location of existing or proposed facilities connected with the program and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any person on the basis of prohibited discrimination; (5) the present or proposed membership by race, color, national origin, sex, age and disability in any planning or advisory body which is an integral part of the program; and (6) any additional written data determined by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) to be relevant to the obligation to assure compliance by recipients with laws cited in this assurance agreement.

Under penalty of perjury, the undersigned officials certify that they have read and understand their obligations as herein described, that the information submitted in conjunction with this Document is accurate and complete, and that the recipient is in compliance with the nondiscrimination requirements set out above.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, _____ on this
(name of recipient)
date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

(S E A L)

Recipient

Date

Attest: _____
Title

Title



**Certification Regarding Drug-Free Workplace Requirements (Grants)
Alternative I – For Grantees Other Than Individuals**

AD-1049

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552a, as amended). This certification is required by the regulations implementing §§ 5151-5160 of the Drug-Free Workplace Act of 1998 (Pub. L. 100-690, Title V, Subtitle D: 41 U.S.C. § 8101 et seq.), and 2 C.F.R. Parts 182 and 421. The regulations were amended and published on June 15, 2009, in 74 Fed. Reg. 28150-28154 and on December 8, 2011, in 76 Fed. Reg. 76610-76611. Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0027. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal, civil, fraud, privacy, and other statutes may be applicable to the information provided.

(Read instructions on page three before completing certification.)

- A. The grantee certifies that it will or will continue to provide a drug-free workplace by:
1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 2. Establishing an ongoing drug-free awareness program to inform employees about –
 - a. The dangers of drug abuse in the workplace;
 - b. The grantee's policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d. The penalties that may be imposed upon employees for drug-abuse violations occurring in the workplace.
 3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph A.1.
 4. Notifying the employee in the statement required by paragraph A.1 that, as a condition of employment under the grant, the employee will –
 - a. Abide by the terms of the statement; and
 - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
 5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph A.4.b from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
 6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph A.4.b, with respect to any employee who is so convicted –
 - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or, local health, law enforcement, or other appropriate agency;

7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs A.1 through A.6.

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

PLACE OF PERFORMANCE (*Street Address, City, County, State, Zip Code*)

Check if there are workplaces on file that are not identified here.

ORGANIZATION NAME

PR/AWARD NUMBER OR PROJECT NAME

NAME(S) AND TITLE(S) OF AUTHORIZED REPRESENTATIVE(S)

SIGNATURE(S)

DATE

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint \(https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer\)](https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442.

Instructions for Certification

- (1) By signing and submitting this form, the grantee is providing the certification set out on pages one and two in accordance with these instructions.
- (2) The certification set out on pages one and two is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
- (3) Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
- (4) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
- (5) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s). If it previously identified the workplaces in question, see paragraph (3) above.
- (6) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:
 - "Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act, 21 U.S.C. § 812, and as further defined by 21 C.F.R. §§ 1308.11-1308.15.
 - "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.
 - "Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance.
 - "Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all "direct charge" employees (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement, consultants or independent contractors not on the grantee's payroll, or employees of subrecipients or subcontractors in covered workplaces).



**Certification Regarding Debarment, Suspension, and Other Responsibility Matters AD-1047
Primary Covered Transactions**

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552a, as amended). This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, and 2 C.F.R. § 180.335, Participants' responsibilities. The regulations were amended and published on August 31, 2005, in 70 Fed. Reg. 51865-51880. Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0027. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal, civil, fraud, privacy, and other statutes may be applicable to the information provided.

(Read instructions on page two before completing certification.)

- A. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
1. Are not presently debarred, suspended, or proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (A.2.) of this certification; and
 4. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- B. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

ORGANIZATION NAME	PR/AWARD NUMBER OR PROJECT NAME
NAME(S) AND TITLE(S) OF AUTHORIZED REPRESENTATIVE(S)	
SIGNATURE(S)	DATE

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint \(https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer\)](https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442.

Instructions for Certification

- (1) By signing and submitting this form, the prospective primary participant is providing the certification set out on page 1 in accordance with these instructions.
- (2) The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out on this form. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- (3) The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
- (4) The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (5) The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549, at 2 C.F.R. Parts 180 and 417. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
- (6) The prospective primary participant agrees by submitting this form that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
- (7) The prospective primary participant further agrees by submitting this form that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the System for Award Management (SAM) database.
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (10) Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

LOBBYING CERTIFICATION

Statement For Loan Guarantees And Loan Insurance

The undersigned states to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U. S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Organization Name

Name of President, President

Name of Authorized Official

Signature

Date of Board Meeting
Date

(Print on Borrower's Letterhead)

FEDERAL DEBT DELINQUENCY CERTIFICATION

IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? _____ YES X NO

Note: Example of debts include, but are not limited to, delinquent taxes, guaranteed or direct government loans (more than 31 days past due) and other administrative debts.

If Yes, provide explanatory information.

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR COMMERCIAL DEBT

The Federal Government is authorized by law to take any or all of the following actions in the event that a borrower's loan payments become delinquent or the borrower defaults on its loan: (1) Report the borrower's delinquent account to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service the borrower's account; (4) Offset amounts owed to the borrower under other Federal programs; (5) Refer the borrower's debt to the Internal Revenue Service for offset against any amount owed to the borrower as an income tax refund; (6) Refer the borrower's account to a private collection agency to collect the amount due; and (7) Refer the borrower's account to the Department of Justice for litigation in the courts.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

Certification

I have read and understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreements.

Signed: _____

Title: _____

Company: _____

Date: _____