

Conventional Solar Lease / Power Purchase Agreement Checklist

File Name:	Loan Number:
Property Address:	Solar Lease Company:

Required Documentation:

- Complete Solar Lease / Power Purchase Agreement for review
- Sales contract (if purchase transaction)
- Appraisal
- Title commitment
- Subordination of solar lease if need to prove secondary lien position

Solar Lease/Power Purchase Agreement Considerations

Yes	No	Review of the solar lease/PPA terms confirms the following as required:
		any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition (for example, sound and watertight conditions that are architecturally consistent with the home); and
		the owner of the solar panels agrees not to be named loss payee (or named insured) on the property owner's property insurance policy covering the residential structure the panels are attached to, and
		in the event of foreclosure, the lender or assignee has the discretion to terminate the lease/agreement and require the third-party owner to remove the equipment, and
		in the event of foreclosure, the lender or assignee has the discretion to <ul style="list-style-type: none"> • become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third party; or • enter into a new lease/agreement with the third party, under terms no less favorable than the prior owner.

DTI/Qualifying Considerations

Yes	No	The monthly lease payment must be included in the debt-to-income (DTI) calculation unless the payments are under a power purchase agreement which covers the following:
		<ul style="list-style-type: none"> • lease payment is calculated solely based on the energy produce, and • delivers of a specific amount of energy at a fixed payment during a given period, and • has a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period.

Appraisal Considerations

Yes	No	Review of the appraisal confirms the following as required:
		Appraiser has identified energy efficient improvements in the Improvements section in the Additional features field.
		Value of leased equipment is NOT included in appraised value.
		Appraisal confirms property has access to alternate source of electric power that meets community standards.

Title Commitment Considerations

Yes	No	Under no exception can the solar lease/PPA be in primary/superior lien position.
		Title exceptions do not reflect an impediment that cannot be cleared.
		Solar lease is in subordinate lien position behind the first mortgage

Title must not reflect any liens related to ownership or maintenance of solar panels resulting in a lien superior to first lien position. Any existing Financing Statement familiarly referred to as a UCC-1 must be released/modified through a UCC-3 prior to recording Deed of trust.