



Solar Panel Certification

Purchases; Cash-Out Refinances; Rate/Term Refinances; CQ Streamlines

(For Non-Agency loans refer to product profiles for any additional requirements)

(See separate checklist for FHA NCQ; VA IRRRL; LPOA and DURPs)

This checklist should be completed for properties with Solar Panels

| | |
|--------------------------|--|
| Loan Number: | |
| Borrower: | |
| Property Address: | |
| Completed by: | |
| Date: | |

| | Solar Power Purchase | Solar Panel Lease | Solar Panel Purchase | Solar Panel Owned (no associated debt) |
|--|--|--|---|---|
| Definition | Borrower purchasing power produced by, and has no ownership interest or lease obligations relative to, solar panels. Borrower only purchasing <u>power produced</u> by panels, they are not the owner of the panels | Borrower paying monthly lease payment to have access to solar panels. Borrower is leasing the panels, they are not the owner of the panels | Borrower purchased solar panels using third party financing, is the owner of the solar panels, and is entitled to power produced by the panels | Borrower currently owns solar panels with <u>no outstanding debt</u> related to said purchase, and as such is the owner of the solar panels and is entitled to power produced by the panels |
| Title (must not reflect any liens related to the ownership or maintenance of the solar panels that will result in a lien superior to NewRez's first lien position) | <input type="checkbox"/> Title commitment will reflect UCC Financing <u>not recorded against property</u> , which is acceptable. No further action required | <input type="checkbox"/> If Title commitment reflects UCC Financing Statement recorded against property, UCC termination is required from Solar Company <u>or</u> Solar Company to provide subordination agreement to be submitted to NewRez Legal for prior approval | <input type="checkbox"/> If Title commitment reflects lien against subject property from purchase of solar panels, lien must be subordinated to ensure NewRez first lien position | <input type="checkbox"/> Title Commitment will reflect no Lien or Notice recorded against property. No further action required |
| Appraisal | <input type="checkbox"/> • Appraisal must reflect no value given to Solar Panels <input type="checkbox"/> • Appraisal confirms property has access to traditional electric utilities in line with community standards | | <input type="checkbox"/> • Appraisal <u>can</u> give value to Solar Panels <input type="checkbox"/> • Standard appraisal requirements apply (i.e. access to utilities must meet community standards) | |
| Debt to Income (DTI) Ratio | <input type="checkbox"/> Payments under Power Purchase Agreements, where the payment is calculated solely based on energy produced, may be excluded from DTI ratio | <input type="checkbox"/> Conventional: Monthly lease payment must be included in DTI ratio <input type="checkbox"/> Monthly lease payment not included because lease structured to: <ul style="list-style-type: none"> • provide delivery of specific amount of energy at fixed payment during given period; <u>and</u> • include production guarantee that compensates borrower on prorated basis in event solar panels fail to meet energy output required for that period <input type="checkbox"/> FHA/VA: Monthly lease payment must <u>always</u> be included in DTI ratio | <input type="checkbox"/> Payment to Solar Company or Lender added to PITI as subordinate financing, if applicable | <input type="checkbox"/> No payment required |
| Obtain a copy of the Lease or Power Purchase Agreement to ensure it addresses: | <input type="checkbox"/> • Any damage that occurs as a result of installation, malfunction, manufacturing defect, or removal of solar panels is the responsibility of the equipment owner, who must be obligated to repair damage and return improvements to original or prior condition (i.e. sound and watertight conditions architecturally consistent with the home); <u>and</u> <input type="checkbox"/> • In event of foreclosure, lender or assignee has discretion to: <ul style="list-style-type: none"> - terminate lease/agreement and require third-party owner to remove equipment; - become, without payment of any transfer or similar fee, beneficiary of borrower's lease/agreement with third party; <u>or</u> - enter into new lease/agreement with third party, under terms no less favorable than prior owner | | <input type="checkbox"/> N/A | <input type="checkbox"/> N/A |
| Homeowner's Insurance | <input type="checkbox"/> Confirm owner of solar panels is not named loss payee (or named insured) on property owner's insurance policy | | <input type="checkbox"/> N/A | <input type="checkbox"/> N/A |