

### Solar Panel Checklist

The guidelines below cover solar panels that are either

- Financed and collateralized, appearing on the title report,
- Financed and collateralized, not appearing on the title report, or
- Leased or covered by a Power Purchase Agreement.

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

### Financed and Collateralized Solar Panels

#### Appears on the Title Report:

The solar panels are collateral for the separate debt used to purchase the panels, but they are a fixture to the real estate because a UCC fixture filing\* has been filed for the panels in the real estate records.

Appears on the Title Report				
	Conventional	FHA	VA	USDA
Obtain and review the credit report, title report, appraisal, and/or UCC fixture filing*, related promissory note and related security agreement that reflect the terms of the secured loan	Complete	Complete	Complete	Complete
Is the debt included in the DTI?	Yes	Yes No: Non-Credit Qualifying Streamline	Yes No: IRRRL	Yes No: Streamlined-Assist
Can the panels be repossessed? • If no, considered in appraised value • If yes, cannot be considered in appraised value	No  Yes	No  Yes	No  Yes	No  Yes
Include the solar panels in other debt secured by the real estate in the CLTV calculation	Yes	No	No	No

Is the UCC fixture filing* being subordinated, or being terminated?	Subordinated	Subordinated	Subordinated	Subordinated
	Terminated	Terminated	Terminated	Terminated

\*A fixture filing is a UCC-1 financing statement authorized and made in accordance with the UCC adopted in the state in which the related real property is located. It covers property that is, or will be, affixed to improvements to such real property. It contains both a description of the collateral that is, or is to be, affixed to that such property, and a description of such real property.

### Does Not Appear on the Title Report:

The solar panels are reported to be collateral for separate (non-mortgage) debt used to purchase the panels, but do not appear on the title report.

Does Not Appear on the Title Report				
	Conventional	FHA	VA	USDA
Obtain and review the credit report, title report, and/or UCC financing statement, related promissory note and related security agreement	Yes	Yes	Yes	Yes
Include the debt in the DTI • Not included for Non-Credit Qualifying Streamline, IRRRL or Streamlined-Assist	Yes No	Yes No	Yes No	Yes No
Value cannot be considered in the appraised value	No value considered	No value considered	No value considered	No value considered
Do not include the panels or the debt in the LTV/CLTV calculation	Not included	Not included	Not included	Not included

### Leased or Covered by a Power Purchase Agreement

If the solar panels are leased from or owned by a third party under a power purchase agreement or other similar lease arrangement, the following requirements apply (whether to the original agreement or as subsequently amended).

Leased or Covered by a Power Purchase Agreement				
	Conventional	FHA	VA	USDA
Obtain and review the copies of the lease or power purchase agreement	Yes	Yes	Yes	Yes
Include the monthly lease payment in the DTI, <i>unless it</i> <ul style="list-style-type: none"> <li>Provides delivery of a specific amount of energy at a fixed payment during a given period, and</li> <li>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, or</li> <li>The payment is calculated solely based on the energy produced</li> </ul>	Included  Not included	Not included	Not included	Not included
Value cannot be considered in the appraised value	No value considered	No value considered	No value considered	No value considered
Do not include the panels or the debt in the LTV/CLTV calculation*	Not included	Not included	Not included	Not included
Property must maintain access to an alternate source of electric power that meets community standards	Confirmed on appraisal  Confirmed via utility bills	Confirmed on appraisal  Confirmed via utility bills	Confirmed on appraisal  Confirmed via utility bills	Confirmed on appraisal  Confirmed via utility bills
Must indicate that 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	Yes	Yes	Yes	Yes

repair the damage and return the improvements to their original or prior condition				
<p>In the event of foreclosure, the lender or assignee has the discretion to</p> <ul style="list-style-type: none"> <li>• terminate the lease/agreement and require the third-party owner to remove the equipment;</li> <li>• become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third party; or</li> <li>• enter into a new lease/agreement with the third party, under terms no less favorable than the prior owner.</li> </ul>	Yes	Yes	Yes	Yes
Confirm owner of solar panels is not named loss payee (or named insured) on property owner's insurance policy	Yes	Yes	Yes	Yes

\* When the only property described in the UCC filing as collateral is the solar equipment covered by the lease or power purchase agreement, and not the home or underlying land, such a UCC filing is acceptable (and a minor impediment to title), as long as the loan is underwritten in accordance with this topic.