

	Solar Power Purchase Agreement (PPA)	Solar Panel Lease	Solar Panels Financed as Personal Property	Solar Panel Financed as a Fixture to Real Estate	Solar Panels Owned Free and Clear
Definition	Borrower purchasing power produced by, and has no ownership interest relative to solar panels.	Borrower pays monthly lease payment to have access to solar panels, and does not own them.	Borrower purchased solar panels with a note/security agreement , owns the solar panels, and is entitled to power produced by the panels.		Borrower owns the solar panels with no related debt , and is entitled to power produced by the panels.
Title	Title will reflect an exception a Uniform Commercial Code (UCC Financing Filing). This form of UCC filing is only a notification that a PPA, lease or note/security instrument exists for the panels that are present on the property. No further action is needed.			Title will reflect a lien against the subject property via a UCC Fixture Filing . The lien must be subordinated with Subordination Agreement.	Title will reflect no lien or exception for any recorded UCC notice. No further action is needed.
Appraisal	<input type="checkbox"/> Appraisal must reflect no value given to Solar Panels; AND <input type="checkbox"/> Confirm property has access to traditional electric utilities in line with community standards; AND <input type="checkbox"/> Comment on marketability of home with solar panels present; AND Identify Solar Panel and system features			Appraisal may reflect value for the panels, provided the system cannot be repossessed for default on financing terms.	Appraisal may reflect value for the panels, based on standard appraisal requirements.
DTI	<input type="checkbox"/> Payments under PPAs, where the payment is calculated solely based on energy produced, may be excluded from DTI.	Monthly lease payment must be included in DTI unless lease is structured to: <ul style="list-style-type: none"> <input type="checkbox"/> Provide delivery of a specific amount of energy at a fixed payment during a specific period of time; AND <input type="checkbox"/> Have a production guarantee that compensates the Borrower on a prorated basis in the event the solar panel fails to meet energy output required during that lease time period. 	<input type="checkbox"/> Payment to solar company or lender is included in DTI	<input type="checkbox"/> N/A – no payment required.	
CLTV	Not included			Included in CLTV	N/A
Obtain a copy of the Lease, PPA or note/security agreement ensure it addresses:	<input type="checkbox"/> 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; AND In the event of foreclosure, the lender or assignee has the discretion to: <ul style="list-style-type: none"> <input type="checkbox"/> terminate the lease/agreement and require the third-party owner to remove the equipment; OR <input type="checkbox"/> become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third party; OR <input type="checkbox"/> enter into a new lease/agreement with the third party, under terms no less favorable than the prior owner. 				<input type="checkbox"/> N/A
Homeowner's Insurance	<input type="checkbox"/> Confirm owner of solar panels is not named as loss payee or named insured		<input type="checkbox"/> N/A		

Additional Requirements for FHA and VA on next page

Additional Requirements for FHA and VA

DTI	<input type="checkbox"/> Monthly PPA, lease or utility payments can be excluded from DTI For VA <input type="checkbox"/> the standard 14 cents Maintenance and Utilities would still applies
Obtain a copy of the Lease, PPA or note/security agreement ensure the property is and will continue to be freely assumable.	<p>Any agreement cannot make the transfer of ownership of the subject property by the borrower: Be void, or voidable by a third party; OR, Be the basis of contractual liability of the Borrower, including rights of first refusal, pre-emptive rights or options related to a Borrower's efforts to convey; OR, Terminate all or part of the interest held by the Borrower or be subject to termination; OR, Be subject to the consent of a third party, including but not limited to any requirement for credit approval by the energy provider, system owner, etc. of a new purchaser, before the seller can convey the Real Property, unless such provisions may be terminated at the option of, and with no cost to, the owner; OR, To be subject to limits on the amount of sales proceeds a Borrower can retain (e.g., due to a lien, "due on sale" clause, etc.); OR, To be grounds for accelerating the insured Mortgage; OR, To be grounds for increasing the interest rate of the insured Mortgage; AND,</p> <p>Legal restrictions on conveyance of Real Property (i.e., the house) that could require the consent of a third party (e.g., energy provider, system owner, etc.), include but are not limited to, credit approval of a new purchaser before the seller can convey the Real Property, unless such provisions may be terminated at the option of, and with no cost to, the owner. If an agreement for an energy system lease or PPA could cause restriction upon transfer of the house, the Property is subject to impermissible legal restrictions and is generally ineligible for FHA insurance.</p>
Sales Contract Considerations	<input type="checkbox"/> Any amount of seller pre-payment of any PPA, lease or financed solar panel system included in the sales contract requires the pre-payment to be treated as an inducement. <input type="checkbox"/> If a solar panel system is subject to PPA, lease or financing, and is not included in the sale, confirmation of system removal must be obtained.

Ineligible Solar Programs

These solar programs are **not eligible** with a new FIMC mortgage if remaining on title:

<input type="checkbox"/> Property Assessed Clean Energy (PACE) – payments included in tax assessment and must be paid off
<input type="checkbox"/> Home Energy Renovation Opportunity (HERO) – payment included in tax assessment
<input type="checkbox"/> Solar Energy / Panel Tax Assessment Programs – lease payments included in property tax assessments. Property taxes take precedent of mortgage lien positions
<input type="checkbox"/> Any solar energy program / panel affecting our first lien position.

Borrower Name(s): _____ **Loan Number:** _____

Property Address: _____

Solar Company: _____

Underwriter: _____ **Date:** _____