

Listing a house with a solar power purchase agreement

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If a homeowner has a solar system via a solar power purchase agreement, they probably don't own any part of the solar system equipment. Real estate brokers and agents need to be aware of potential issues to both the listing side and the selling side. This guide focuses on the listing side.

Equipment owned by Solar Company, Lien filed.

There will be a good chance that the homeowner will have no idea that they do not own or have any interest in the solar system equipment and that more likely than not a UCC-1 Financing lien is filed to secure the solar system.

Price - Plan for adjustments for a potential buy-out of the contract with the solar company or to keep a buyer interested

Should the buyers (i.e. - an investor looking for flip or someone that wants a house free of liens) refuse to assume the long term contract, the price of the listing is going to have to be increased by the amount necessary to buy-out the solar power agreement in order for the sellers net to remain the same. Recently, one transaction cost a seller over \$80k to buy-out of the contract. Additionally, when comparing two properties of generally equal value and one has a long term contract that requires personal liability of the buyers with a recorded lien and one doesn't, many buyers would want to be compensated for this additional liability and that would affect the price they are willing to pay for the property.

Time - Advance Notice to the Solar Company

The solar company that owns the solar system on the home is going to require advance notice of the purchase. Some require 30 days advance notice which includes the buyers identity. This gives them time to see if the buyers will qualify to assume the contract from the sellers. Since the buyers identity is often needed on the notice you may not be able to provide that information until escrow opens. A short all-cash escrow could be difficult with these time constraints.

Roof may be compromised - Roof Inspection and Certification would be advised

Often solar companies are not roofers and they are punching holes in roofs and walking on old roofs that could cause damage. The power purchase agreement with the solar company may only warrant that the roof is free of leaks on the day of installation and expressly disclaim any warranty at all.