

The solar industry is booming. There are currently more than 1.5 million residential solar installations in the U.S. and that number is projected to reach nearly 4 million by 2023. California regulators recently approved a plan to mandate solar panels on new home construction beginning in 2020.

Often, the system that is installed on the homeowner's property is covered by a lease or power purchase agreement (PPA) (i.e., a "solar agreement") with a third-party solar provider. Solar agreements create unique challenges when a home is sold.

While every situation is different, here are a few steps to consider when the home being sold is subject to a solar agreement.



- 1. Start early.** If you represent the seller, ask them early in the selling process whether the property is tied to a solar agreement. The terms for transferring a solar agreement may impact the marketability of a property, and disclosure to potential buyers is important.
- 2. Request a copy of the solar lease agreement.** Ask your client for a copy of the current solar agreement. If they don't have a copy, they should request it from their solar company.
- 3. Seek advice.** Unfortunately, misconceptions about solar agreements are common. It's important that buyers and sellers fully understand the terms of their solar agreement, including its transfer rights and requirements upon sale of the home. Many solar companies have dedicated representatives to assist with the lease transfer process, but you may wish to advise your clients to consult with an attorney first.
- 4. Cover all your bases.** When selling a home subject to a solar agreement, it helps to work with a trusted company like Old Republic Title. We can alert you to potential title problems, such as an unrecorded solar easement and other possible title issues that need to be addressed prior to closing.
- 5. Keep lines of communication open.** Early in the process, provide your escrow team with as much information as possible about the transaction. What they don't know could cause delays to the closing process.

Want more information? Contact your Old Republic Title representative today!



Diane Fletcher
Account Executive
dfletcher@ortc.com
Phone: (408) 296-4500
Cell: (408) 623-0288
226 Airport Parkway, Suite 200
San Jose, CA 95110

Source: Solar Energy Industries Association

Effective 05.22.18 | ORF-1551 | Old Republic Title is providing this information as a free customer service and makes no warranties or representations as to its accuracy.

Old Republic Title strongly recommends that consumers confer with their title insurer as underwriting requirements vary among companies and further, obtain guidance and advice from qualified professionals, including attorneys specializing in Real Property, Trusts and/or Title Insurance to get more detailed, and current, information as to any particular situation affecting them.