



# SOLAR ADVISORY AND QUESTIONNAIRE

(C.A.R. Form SOLAR, 12/22)

Property Address: 6068 Golden Vista Drive San Jose, CA. 95123, San Jose, CA 95123 Date: 08/11/2023

**1. SOLAR OWNERSHIP:** Solar power systems may be owned outright, owned with financing, owned with a lien or security interest on the real property, or leased. Many property owners who believe that they own their solar power system may not have free and clear ownership of that system. Ownership could be subject to a note and deed of trust issued when a solar power system was financed or a UCC-1 financing statement filed with the California Secretary of State. Financing of the solar power system may also be secured by an assessment against the real property that is collected through additional property tax payments for the period of financing (e.g., HERO or PACE). Because a seller's property tax statement will reference the solar lien, sellers may not remember the lien or consider it as a separate lien; nonetheless it should be disclosed. Some owners obtain private lending to purchase a solar power system that is not secured by the real property or panels or other equipment attached to it. If the seller is intending for these private loans to be paid off as part of a sale, terms may need to be added in the agreement to address this situation.

**2. SOLAR LIENS, POWER PURCHASE AGREEMENTS, AND SOLAR LEASES:** Many solar power systems are not owned but instead are leased. While a leased system typically has a fixed or scheduled monthly payment, other systems may have a power purchase agreement requiring the purchase of all or a portion of the solar power generated at an agreed contractual rate from the solar company with an ability to sell any excess energy to the electrical provider company (e.g., PG&E) in accordance with the system's governing regulatory scheme. Payments under such an arrangement can vary depending on the amount of energy created and used. Even solar power systems that are leased may have security interests attached such as a UCC-1 or fixture filing recorded in the county where the property is located.

In some cases, the lender or lien holder for the solar power system may allow a buyer to assume the existing loan and may agree to allow the solar lien to subordinate to, or become secondary to, a new purchase loan. However, in many cases, the holder of the security interest will not release the priority of its security interest which means that the solar loan must either be paid off when the property is sold or that any buyer must purchase without obtaining any new financing.

When there is a solar lease, a buyer may be permitted to assume the terms of a solar lease but only with the approval of the solar company. For leased systems, there may be a provision enabling the purchase of the solar equipment prior to the end of the lease term, or a provision allowing the termination of the lease at cost with no retained ownership of the solar equipment (a "Buyout"). There may also be a clause enabling the purchase of the equipment or the termination of the lease without any pre-agreed cost; in those cases, the cost will be an appraised value determined by the solar company.

If a solar power system is owned by the seller, the seller may have the right to remove the system or its components and install them on another property. If the system has been financed and the financing is secured by a lien on the property or the component parts, the seller should consult with the company about both the effect of removal of the system or its components on the lien and the consequence of any damage caused by the removal.

**3. ADVERTISING MATERIAL:** All parties are advised that the Multiple Listing Service ("MLS") and other advertisements that are used to list and market a property for sale and are not contractual agreements. Thus, it is imperative that buyers of Property with a solar power system ("Solar Property") receive and carefully review copies of all documents, including any solar agreement, underlying security agreements for owned equipment, or any other material that the seller possesses prior to the buyer making any final decision regarding the solar power system. Buyers should not simply rely on the information in the MLS or any other advertising material.

**4. PURCHASE CONTRACT AND TRANSFER ISSUES:** The C.A.R. Purchase Agreements include a contingency for the review of leased or lien items and systems, in order for the buyer to review any agreements or documents related to any solar power system and to properly evaluate all of the present and future terms and conditions, including the costs of accepting the existing solar power system. The default language provides that the system is being transferred, and the buyer has a contingency to determine whether the buyer is willing or able to assume any lease, lien, or other agreement. If the solar power system is not intended to be transferred with the property, the contract may need to be modified to address this.

If a leased or lien system is to be assumed by the buyer, the solar company may take steps to insure its priority interest against the property and/or the buyer's lender may require a solar endorsement from the title company; if this occurs, escrow could be delayed. Buyers and sellers should be aware that because any buyout or assumption of a solar power system could impact closing escrow, they should consider including a provision in the purchase agreement to allow for the possible extension of the closing date to facilitate dealing with any problems that may arise because of the solar power system.

**5. SOLAR EVALUATION, RECOMMENDATIONS, AND LEGAL ADVICE:** Real estate brokers and their agents are not qualified to evaluate the terms, conditions and/or the security interests in a solar power system. They are also not qualified to determine the quality of solar equipment or the impact of any regulatory scheme on the ownership or use of solar equipment. Buyers and sellers of Solar Property should consider retaining the services of a solar photovoltaic system inspector if one is available in the area where the property is located.

Brokers recommend that sellers and buyers of Solar Property exercise diligence in obtaining copies of any contracts, agreements or other documents related to any possible solar power system security interests as soon as practicable to enable a prompt evaluation of what may be required to facilitate a sale of the property. Additionally, obtaining a buyout or obtaining any agreement for a buyer to assume the solar agreement may take considerable time and/or be of an uncertain cost. Therefore, sellers of Solar Property should, prior to entering into a purchase agreement, determine if a Buyout or loan assumption is available and at what cost or terms so as to make full and complete disclosure to potential buyer and to avoid delays in closing escrow.

Whether or not a solar photovoltaic system inspector is used, buyers and sellers should consult with a qualified California real estate attorney prior to entering into any agreement to purchase or sell Solar Property; that attorney should evaluate the existing solar documentation and properly craft language to be included in the purchase agreement that will best protect the interests of their clients. Real estate brokers and their agents are allowed to prepare standard real estate transaction documents, but they are not qualified to create specialized contract language that may be needed to deal with the specific issues involved in any specific Solar Property.



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6. SOLAR PROPERTY QUESTIONNAIRE (IF YES TO ANY QUESTION, PROVIDE EXPLANATION):

A. GENERAL SOLAR POWER SYSTEM ISSUES:

ARE YOU (SELLER) AWARE OF...

- (1) Approximate age of the solar power system? .....  Yes  No
- (2) Name of the installation company? .....  Yes  No
- (3) Does the solar power system provide power only for a portion of the property? .....  Yes  No
- (4) Approximate size of the system (# of panels, Kilowatt size)? .....  Yes  No
- (5) Whether the system is central inverter or micro inverters? .....  Yes  No
- (6) Whether the system is on-grid only, on and off grid, or off-grid only? .....  Yes  No
- (7) Whether there is a battery bank or power wall that enables the system to run off-grid? .....  Yes  No
- (8) Whether any portion of the system is installed anywhere other than the roof? .....  Yes  No
- (9) Material Facts or information related to the solar power system? .....  Yes  No

Explanation: (1) 8 years (2) Sunnova

B. OWNED-SOLAR POWER SYSTEMS, IF APPLICABLE AND CONVEYING WITH THE PROPERTY:

ARE YOU (SELLER) AWARE OF...

- (1) Whether the system still has a balance due on any financing? .....  Yes  No  
 (A) If Yes, what is the balance? ..... \$ \_\_\_\_\_  
 (C) If Yes, is the loan transferrable to or assumable by buyer? .....  Yes  No  
 NOTE: if it is not secured on title, the agreement may have to be amended for Buyer to be responsible for the balance.
- (2) Whether there is an annual true-up bill from the power company? .....  Yes  No  
 If Yes, what is the approximate bill amount? \$ 200
- (3) Whether there is any other type of lien or encumbrance on title, on a property tax bill or otherwise? .....  Yes  No
- (4) Whether there is a power purchase agreement (if yes, complete 6C below)? .....  Yes  No

Explanation: \_\_\_\_\_

C. LEASED SOLAR POWER SYSTEMS OR SYSTEMS WITH POWER PURCHASE AGREEMENTS, IF APPLICABLE:

ARE YOU (SELLER) AWARE OF...

- (1) The name of the company with the lease or power purchase agreement? .....  Yes  No  
 If Yes, what is the name? \_\_\_\_\_
- (2) The year that the agreement expires? .....  Yes  No  
 If Yes, what is the year? \_\_\_\_\_
- (3) The current monthly solar payments? .....  Yes  No  
 If Yes, what is the amount? \$ \_\_\_\_\_
- (4) Whether the payments are fixed or vary over the life of the agreement? .....  Yes  No
- (5) Whether the lease or power purchase agreement is transferrable to or assumable by buyer? .....  Yes  No
- (6) Whether the solar power system is not owned at the end of the agreement? .....  Yes  No  
 If not owned, can the equipment be purchased? .....  Yes  No  
 If Yes, what is the estimated amount that would be owed? \$ \_\_\_\_\_

Explanation: \_\_\_\_\_

Seller acknowledges that Seller has read, understands and has received a copy of this Solar Advisory and Questionnaire, and Seller represents that Seller has provided the answers and, if any, explanations and comments on this form and any attached addenda and that such information is true and correct to the best of Seller's knowledge as of the date signed by Seller.

Seller AUYEUNG MICHAEL M (TRUSTEE); AUYEUNG MICHAEL M (TRUSTEE); Date 08/11/2023  
 Seller AUYEUNG MARIANNA L (TRUSTEE); AUYEUNG MARIANNA L (TRUSTEE); Date 08/11/2023

Buyer acknowledges that Buyer has read, understands and has received a copy of this Solar Advisory and Questionnaire.

Buyer \_\_\_\_\_ Date \_\_\_\_\_  
 Buyer \_\_\_\_\_ Date \_\_\_\_\_

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