

Solar panel lease complicates home sales, refinancing

By RAY LAMONT
Staff writer

SALEM, Mass. — Tim Sanborn, who operates the Cazeault Solar & Home Inc., in Gloucester, says he used to include the leasing of panels or signing a power purchase agreement with an energy supplier when he would outline the financing routes for homeowners looking to install solar systems.

He doesn't offer those options anymore, he says, not because of any impact in his business, but because of complications they can cause for homeowners.

Now, government officials are raising those concerns as well.

John O'Brien, the Essex County Register of Deeds in Salem, is urging residents to wade carefully into any contracts for the

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SOLAR: Leases may complicate sale, refinancing

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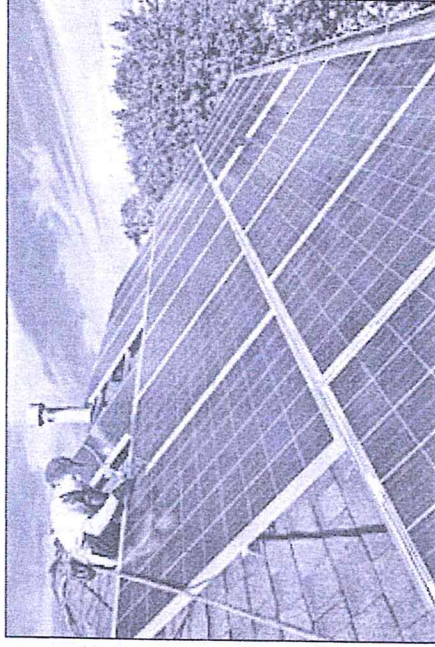
installation of solar panels that would be attached to their homes.

Why? Because any homeowner who enters a long-term lease agreement for panels affixed to his or her home may have a difficult time selling or getting a second mortgage on the house as long as a lease is in place, O'Brien said in a statement issued Friday.

"I am not trying to discourage anyone from installing solar panels on their home," O'Brien said in a prepared statement. "I just want to advise them, before signing any of these solar panel installation contracts, please take a copy of the contract or agreement to your attorney for review to insure these leases are offered in good faith and with accurate disclosures."

The problem, according to O'Brien and First Assistant Register Deborah G. Gilmore, is that any Uniform Commercial Code financing statements — commonly referred to as UCC statements or fixture filings — serve as an "encumbrance" for the homeowner, functioning much like a lien. The homeowner is essentially responsible for the lease — which can carry a 20-year term — and must gain permission from the solar company to sell or refinance the property.

"The only way I usually know of to get out of a lease is to buy it out," said Sanborn, whose company also has offices in Natick,



Courtesy photo

A worker for Cazeault Solar & Home installs a solar array. The company is no longer arranging for the leasing of panels or signing a power purchase agreement with an energy supplier due to problems homeowners may face when trying to sell or refinance the home.

Orleans and Osterville. He noted that a sale could also leave a homebuyer responsible for the lease, sometimes without knowing it.

The same concept goes for a power purchase agreement, he said, "and that's why, ethically, I don't do them anymore."

A lot of homeowners do. O'Brien and Gilmore said they have seen significant spikes in the number of UCC papers tacked onto deeds at the Salem-based Registry over the past three years. In 2013, the registry recorded just 151 UCC solar panel filings for lease agreements. But in 2014, that number jumped to 683, and in 2015, it soared to 1,166 solar panel filings, registry records show.

As of March 7, the registry had already recorded 265 UCC filings this calendar year — a pace of roughly one filing per day. O'Brien advised residents that, if they have solar panel lease agreements and want to see if a UCC solar panel filing has been recorded on

their property, they may go to the registry's website at www.salemdeeds.com or contact the agency's customer service team by calling 978-542-1704. Customer service providers may also be reached via email at southernsexcustomer-service@sec.state.ma.us.

Sanborn, meanwhile, said that the financing options should not scare homeowners out of going solar — only to remind them to take note of any financing package.

"The first option is always ownership," he said, adding that the Massachusetts solar loan program and a federal financing program are also viable options."

But when it comes to a lease agreement, or a power purchase deal, consumers need to be wary, he said.

"I've had people say, 'Gee, what a great deal — I didn't have to put anything down (for a down payment). I'm just going to lease (the panels),' he related. 'It doesn't work that way; all of these have financial attachments to them. Once I understood how these options worked, I got rid of them.'"

"I would be remiss in my duties if I did not alert my constituents to any matters which may affect title to their property," O'Brien said. "This is no more than a public service announcement — (but) to be forewarned is to be forearmed."

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3-12-2016
EAGLE TRIBUNE