

State and County UCCs for the Solar Industry

State and County Filings Provide Important Protections

For solar companies who provide loans or leases for residential PV equipment, taking the right steps to protect these investments is key. Often, the solar panels and related PV equipment are used as security for the loan or lease. So, it's important for a business to document its claim over the solar systems in which it has an interest.

Filing public notice to one's claim in the appropriate jurisdictions is an important step. Another is for lenders to stay current with any changes that could impact their standing—for example, the sale of a home where financed equipment is installed. Helping clients make the most of these protections is core to our business at Lien Solutions.

Adopting Best Practices in Solar Lending and Leasing

The best practice for securing an interest in financed or leased solar equipment is to execute both a state level UCC as well as a county level filing.

- A state level UCC filing is how a company “perfects” its financial interest in a piece of equipment; securing debt in this way can enhance one's standing among other lenders and help establish priority in order of repayment.
- County level filings are important, too. That's because it is county level filings that are searched when a home is sold. Often, this is the only way that a solar company knows that a property where it has leased or financed equipment is about to change hands.



Lien Solutions helps clients understand the ins and outs of filings at both state and county filing offices, and how to establish processes for managing these filings over the life of a loan.

Consider that the average home in the United States is sold every seven years while many solar loans are written for a term of 20 years. That means it's highly likely that a property with leased or financed solar equipment will change ownership well in advance of the equipment loan being paid off. County-level filings help position solar companies to know when these ownership changes happen.

Benefits For Solar Companies and Their Customers

Many solar companies take advantage of the protections provided by county level filings. But, there can be an unintended consequence when customers become concerned that these filings cloud the title to the home. Far from wanting to complicate or encumber the sale of a home, it's in the interests of both the solar company and the homeowners to resolve outstanding financial obligations on solar equipment and ease the transition of the property to new owners. But, the only way to ensure that this happens is for the solar company to know that the sale is about to take place. And, county level searches help ensure that this happens.

Once the solar provider knows a home is being sold, they can work with their customers to determine

how to best resolve their financial obligation in the equipment—and make sure that the new homeowners enjoy the benefits of the PV system. To help a customer facilitate a smooth financing transaction on a home with solar equipment, solar providers are willing to terminate or subordinate the filing so there are no concerns about liens on the property. In the meantime, the homeowner can arrange for the loan to be paid off, or to transfer the obligation on the equipment to the new owner. In the latter case, the solar company can refile at the county level after closing, to ensure that it continues to be apprised of any further changes in ownership to the solar equipment.



It's important to realize that a solar company's financial interest is not in the home but in the solar equipment itself.

The Support You Need to Achieve the Best Outcomes

It's good business practice to make the most of the state and county level filings that are there to protect lenders and lessors. But to take full advantage of these protections, it helps to have an experienced and responsive partner.

Lien Solutions works with our solar clients in a consultative way to help them understand their options and the steps required.

- Because we're so deeply engaged in the solar industry and with state and county filings across the country, we're able to share insights on what peers in the industry are doing.
- We can help review the available options and create policies and workflows for the types of filings that are best suited to one's situation.
- Not only does Lien Solutions bring deep familiarity with all the processes in play, our automation and interfacing capabilities can speed and smooth the necessary steps. This saves time and money for the solar companies we work with.

At every stage, Lien Solutions seeks ways to streamline processes and make things easier for our solar clients—all while helping to position them to protect their financial interests.

