

Sunlight Financial LLC
Solar Proposal Requirements

Solar installation companies (“installers”) seeking to partner with Sunlight must submit a sample financing proposal for review at onboarding. Sunlight’s Commercial Risk Team will review each sample financing proposal to ensure that Sunlight’s proposal disclosure requirements noted below are satisfied.

This document summarizes the requirements that Sunlight has established for any proposal used by one of its partner installers during the sale process. Nothing in this document shall be construed to mean that any of these requirements are specifically required under applicable law, regulation, or rule. This document does not constitute legal advice in any respect – whether to installers or otherwise – and installers should seek their own legal counsel to understand their obligations under applicable consumer protection laws.

Note: The requirements below may not apply to non-standard solar loan products.

Requirements for Solar Financing Proposals Prepared by Installers

1) The proposal should include a disclaimer relating to available tax credits:

- Tax credits are estimated.
- The purchaser of a solar system MAY qualify for certain federal, state, local or other rebates, tax credits or incentives.
- Sunlight nor the installer make any representation or warranty as to whether any such credits will be available to the purchaser.
- Purchaser should consult with their personal tax advisor to determine if any such credit is available.

The installer may consider including the following disclaimer:

“Tax credits are an estimated amount. As the purchaser and owner of a solar photovoltaic system, you may qualify for certain federal, state, local or other rebates, tax credits or incentives (collectively, “Incentives”). If you have any questions as to whether and when you qualify for any Incentives and the amount of such Incentives, please consult and discuss with your personal tax or financial advisor. Sunlight and [Installer] make no representation, warranty or guaranty as to the availability or amount of such Incentives.”

2) The federal investment tax credit (“ITC”) should be calculated based on the cost of the system minus any local or utility rebates. Sunlight will not permit calculation of the ITC on the full cost of the system if any other rebates are being offered.

3) The proposal should include all of the required Regulation Z disclosures in the same size and type of font as the body text. Suggestions are below and these may be footnoted:

Option 1

No down payment required. The fixed Annual Percentage Rate for a YY year loan is X.XX%. The amount of your first 17 payments will be \$DDD.DD. If you make a 30% voluntary payment in month 18, your remaining RRR payments will remain approximately \$DDD.DD. If no voluntary payment is made, the remaining RRR payments will be \$ZZZ.ZZ.

Option 2

The first monthly payment on the loan is due approximately 60 days after installation. The calculation of the monthly payments for the first 18 months following installation (which includes the first 17 payments) (the "Initial Period") assumes that you will pay down the loan during the Initial Period by 30%. If you make aggregate principal payments in such amount during the Initial Period, your monthly payments following the Initial Period will remain the same as during the Initial Period. If during the Initial Period you elect to pay an amount that is less than 30% of your loan amount, your monthly payment beginning upon conclusion of the Initial Period and throughout the rest of the term of the Loan will be increased to amortize the full principal loan balance (which would be greater than the originally assumed amount) over a period which is effectively 18 months shorter. Conversely, if you make a payment of greater than 30% of the your loan amount during the Initial Period, your monthly payments following the conclusion of the Initial Period will be reduced to reflect the payment of a lesser principal balance than originally assumed for the balance of the term. Please carefully review the details of your loan, including the payment amounts, provided in your loan agreement.

Note: There may be situations where the language above has to be altered to meet the requirements of the loan.

4) If the proposal shows a voluntary payment of greater than 30% of the loan amount, then a disclosure addressing the additional information should be included with the Regulation Z disclosures:

"The payment amount for payments 18+ shown in this proposal assume that you make a voluntary payment of more than 30% during the Initial Period based on your receipt of state and/or local incentives. These state and/or local incentives may not be available at the time you request them."

5) Sunlight will not accept proposals that offer discounts for payments in cash versus financed payment options. The proposal should not offer a lower cash price compared to the financed price of the system. Systems cannot be offered as "free."

6) Sunlight will only accept a utility rate escalator that shows up to a 4% increase in the cost of energy on an annual basis (unless there is a state law requirement to show a different escalator).

7) If the proposal only shows Sunlight financing terms, the proposal should not include any references to any other financing companies. A proposal can show comparative financing terms for multiple financing partners.

8) The solar loan is a secured loan and the applicable lender retains that security interest. Installers cannot refer to the loan as an "unsecured" loan. The installer cannot retain a security interest in the solar system. Sunlight will not accept proposals that refer to the installer's or any other party's security interest in the solar system.