

What is a UCC-1 filing for solar panels?

If you are going solar by using a lease or PPA, the company put a UCC-1 filing on the equipment. This is not a lien on your home, but on the solar panels. Learn what this means when you try to sell your home.



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One of the most popular ways that homeowners use to get solar panels on their home is with a lease or power purchase agreement (PPA). By going this way, you can get solar installed on your home for little or no money down.

But there are downsides to this approach, one of which is that it can be harder to sell your home with leased panels. This is because with either a PPA or lease the homeowner doesn't own the solar equipment. Instead, the solar company retains ownership while the homeowner benefits from the use of the panels.

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As part of this, the solar company will often file a UCC-1 financing statement on the equipment. Sometimes as referred to as a UCC-1 filing, a UCC-1 fixture filing, or a UCC-1 lien, this is a public document that the owner of the equipment (the solar company) files to indicate that they have the legal right to repossess the solar equipment in the event that the debtor (you, the homeowner) fails to keep up with their payments.

Does Vivint Solar or Sunrun put a lien on your home?

not place a lien on your home. However, they will likely file a UCC-1 on the solar equipment. This means they have legal ownership over the solar equipment only. They do not have a legal claim to any other part of your home.

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The equipment included in the UCC-1 is anything that is installed by the solar company. This includes the panels, racking equipment, inverter, wiring, and any other supporting hardware.

Why a UCC-1 Financing Statement can still be a problem for homeowners

Even though the UCC-1 isn't a lien on your home, it can still present a problem when you sell your home or even if you are using your home as collateral for a loan, such as a HELOC or home equity loan. This is because a UCC-1 is public document that will turn up with any title search on your property.



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While it is clear to a knowledgeable person that a UCC-1 financing statement isn't a lien on the house, not everybody doing a title search may be familiar with the legal distinction between a UCC-1 and a house lien.

Because of this, if you do any transaction that involves a title search, such as refinancing your home, you might end up having to spend extra effort to explain to the other party about the solar panels, how a lease or PPA works, and what the solar company's claim means.

If you're doing a house sale, then the future home buyer will need to agree to take on the remaining duration of the contract with the solar company. In the worst case that none of your prospective buyers is willing to do this, you may have to do an early buy out with your solar company to get rid of the liability. This can be expensive and come with pre-payment penalties.



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Check out this [video story from Consumer Reports](#) for one homeowner's experience.

Request a temporary removal of a UCC-1 from your title

If you have a UCC-1 attached to your title, it is possible to have the company temporarily remove it.

For example, to have Sunrun remove a UCC-1 from your title, you [fill out this form](#), provide a copy of your UCC-1 document, and wait 5-7 days. (Be sure to contact Sunrun ahead of time before submitting this form, though.)

Other companies may also provide a similar service.

So why would you do this? It would be mainly useful in the case of a loan application by hiding the UCC-1 from loan providers. It doesn't avoid the problem of convincing a home buyer to take over the contract from you, which is the major issue. Still, it could make one part of the home selling process easier for you.

UCC-1 filings mentioned in lawsuit by the State of New Mexico

On March 8, 2018 Attorney General Hector Balderas for the State of New Mexico filed a lawsuit against Vivint Solar "for Defrauding New Mexicans & Jeopardizing Their Home Ownership". The lawsuit lists 17 different counts against Vivint, accusing them of sales tactics that exaggerate or lie about the products and services they sell, and generally having business practices that constitute fraud and racketeering.



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One of the items mentioned in the lawsuit is UCC-1 filings:

Vivint utilizes UCC-1 Financing Statements for these filings, which falsely describe the consumer as a “Debtor.” As a result, reasonable consumers are led to believe that this erroneous UCC filing is in fact a lien on their home, and potential home buyers of those homes are misled about any encumbrances on the real property. Vivint’s fixture filings operate to encumber consumers’ homes, negatively impacting the value of their property and complicating real estate transactions. These filings are made despite Vivint’s contractual promise to consumers that it will not file property liens.

The fact that this issue with UCC-1 filings is mentioned by a state’s Attorney General strongly indicates that this is a real problem for consumers.

Disgruntled consumers mention UCC filing issues

If you go to the Better Business Bureau and look up



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the New Mexico lawsuit. For example, here's one [complaint about Vivint Solar](#) that you can find on bbb.org:

We were not told by Vivint Solar that by signing and allowing them to put panels on our home we would be getting a lean on our house. They themselves don't consider it a lean and what have you, UCC-1. Though every bank and lender says it is such. They haven't even been turned on and I called them to have the removed because that is untrustworthy and wrong for this information not to be relayed to us and they say removing them and canceling the contract is not an option. I just want them gone.

Should you avoid going with a lease or PPA?

While a UCC-1 doesn't always present a problem for the homeowner, when it does, it's at a time that can be a real problem - such as when you're trying to sell your home or obtain a loan.

These aren't the kind of times when you need more complications in your life, so this is another reason to rethink whether a lease or PPA is the right choice for you.



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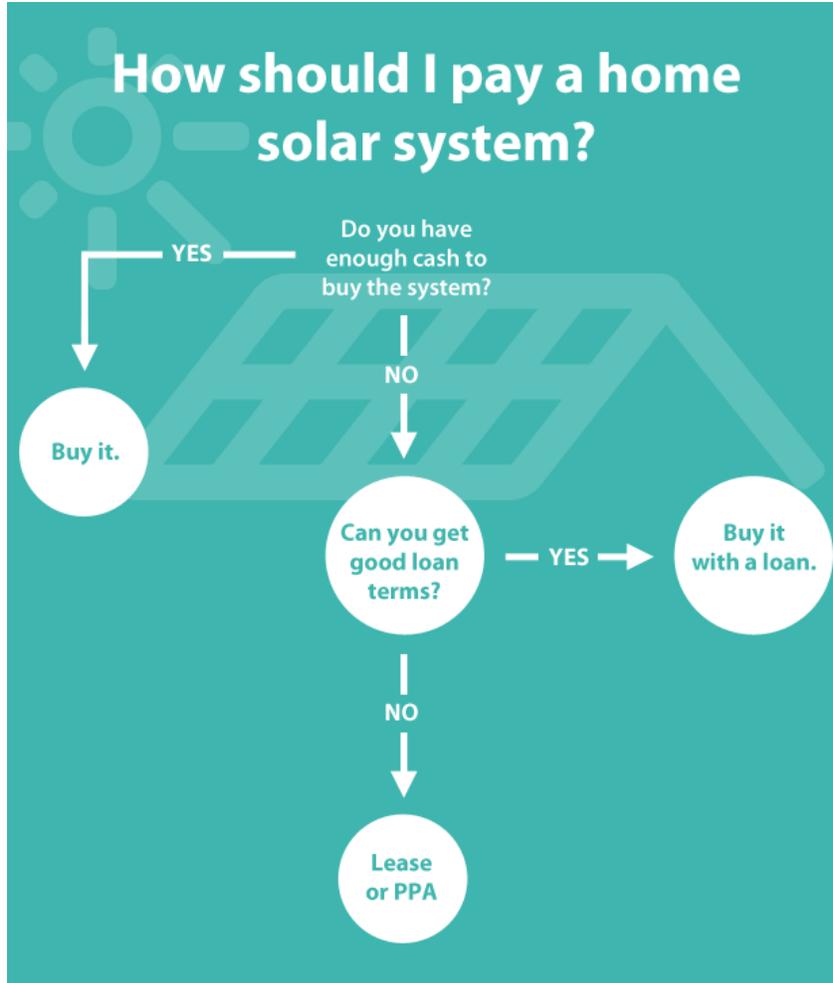
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[in-depth review of Vivint Solar](#) and our [explanation of Sunrun payment plans](#).

What's the best way to get solar panels for my home?

In the majority of cases, it's best to purchase your system if you can. This handy flowchart breaks down the decision-making process:



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To be clear, a solar lease or PPA can be a good choice for some people. But in our opinion, most people would be better off by purchasing their system. While most people don't have several thousand dollars lying around in their bank accounts, with current low interest rates, homeowners will often come out ahead financially by shopping around for the best loan rate and then buying their solar system with cash.

Even though this means paying interest on the loan, the big advantage of owning versus using a lease or PPA is that the homeowner collects any solar rebates. In the United States this means, at a minimum, getting the 30% federal solar tax credit (which drops to 26% in 2020). Also, many states, cities, and utilities offer tax credits or other financial incentives for going solar.

This can knock a significant amount of money off the price of home solar - 50% or even more, in some cases. This means that even if you have to take out a loan to do so, the relatively small amount of interest you'll pay over the life of the loan should be much smaller than the big savings you'll get by collecting the incentives. But if you go with a lease or PPA, the solar company collects the incentives, not you.

If you want to find out what your federal, state, and local incentives will be, use the link below to our calculator. If you decide you're ready to go forward, use our service to



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methods that let you get a solar system installed on your house for no money down. But are they a good idea?

Monthly Lease, Full Lease, Purchase and Monthly Loan options really mean? Here's a guide that decodes these in simple terms.

solar installers in the United States. If you're thinking of going with Vivint, be sure to read this guide before signing on the dotted line.

Freedom Forever Solar: The complete review and consumer guide

One of the fastest growing solar installers in the country, Freedom Forever operates in at least 24 states and is still expanding. Are they a good choice for your home solar project?

Stuck in a long solar lease contract? Here's what you can do.

If you signed a decades-long solar lease or PPA contract, it might still be possible to get out of it. Here are some avenues you can investigate.

5 types of solar installer scams (with real examples)

It only takes a few bad companies to tarnish the reputation of a whole industry. Here are some things consumers should watch out for buying solar for their home.

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review and consumer guide

Momentum Solar is one of the largest solar installers in the United States, but it's a company that's been dogged by controversy. Should you trust them with your solar installation?

solar panels?

If you're thinking of hiring a solar installer, here's the project timeline you can expect.

should I avoid?

Here are 10 signs that you're dealing with a bad solar installer.

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