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Solar Due Diligence Checklist

For real estate transactions involving solar energy systems.

PROPERTY INFORMATION

Property address

MLS / transaction #

Date

Prepared by

Representing

Work through each section as far as the transaction allows. Items with an amber rule are the ones that stop a closing rather than merely inform it.

1 · OWNERSHIP & TITLE

Determine who legally owns the equipment

- ☐ **Confirm ownership type**
  Owned outright, financed with a solar loan, leased, or on a Power Purchase Agreement. This is the single most important question in a solar transaction.
- ☐ **Request the original installation contract**
  Identifies the installer, the equipment, system size, installation date and ownership terms.
- ☐ **Check title for a UCC-1 financing statement**
  Leased and PPA systems often carry a UCC-1 filing against the property. It shows in a title search and has to be dealt with before closing.
- ☐ **Confirm whether the system transfers with the deed**
  Owned and financed systems are fixtures and convey. Leased and PPA systems remain the provider's property.
- ☐ **Verify PACE/HERO loan status**
  PACE is tied to the property tax bill rather than the homeowner, and transfers automatically to the buyer. It must be disclosed and can affect buyer financing.

2 · SYSTEM CONDITION & AGE

Physical and operational status of the equipment

- ☐ **Confirm the installation date**
  From the original permit or contract. Age affects both the value estimate and warranty coverage.
- ☐ **Identify the inverter brand and type**
  Enphase microinverters, SolarEdge string plus optimisers, SMA, Fronius. Inverters typically last 10–15 years and are the most commonly replaced component.
- ☐ **Confirm inverter warranty status**
  Most carry 10–25 years. Confirm the remaining term and whether it transfers.
- ☐ **Check panel brand and condition**
  Note any visible damage, discolouration or cracking.
- ☐ **Verify panel warranty status**
  Typically a 25-year performance warranty and a 10–12 year product warranty. Confirm transfer to the new owner.

- ☐ **Inspect racking and mounting hardware**
  Rust, loose fasteners, roof penetration issues. A solarIQ360 inspection covers the roof and mounting in full.
- ☐ **Note any prior repairs or replacements**
  Ask whether panels, inverters or components have been replaced, and request the documentation.

3 · PERMITS & INTERCONNECTION

Legal compliance and utility connection status

- ☐ **Confirm the building permit was pulled and finaled**
  An open or missing permit can block close of escrow, and an unpermitted system is a material defect that must be disclosed.
- ☐ **Verify the interconnection agreement with the utility**
  Required for net metering credit, and it has to transfer to the new owner.
- ☐ **Confirm Permission to Operate (PTO) was issued**
  The utility issues a PTO letter when the system is approved to run. No PTO means it should not be operating. Ask for a copy.
- ☐ **Check for open liens or code violations tied to the solar**
  With the local building department and the title company.

4 · NEM STATUS & UTILITY ACCOUNT

Net metering agreement and billing plan

- ☐ **Determine the NEM version**
  NEM 1.0, NEM 2.0 or Net Billing, decided by the interconnection date. The legacy programmes are materially more favourable.
- ☐ **Confirm the NEM agreement transfers to the new owner**
  The new owner should contact the utility promptly after closing. Confirm the current requirement and window with the utility in writing.
- ☐ **Identify the current utility rate plan**
  The rate plan and the net metering programme are separate things, and both matter to what the system is worth.
- ☐ **Request the last 12 months of utility bills**
  They show actual credits, net billing and amounts owed, and reveal whether the system is performing.
- ☐ **Check for an outstanding true-up balance**
  True-up is billed annually. Establish whether the seller owes one and how it is handled at closing.

5 · LEASE / PPA CONTRACT

Only if the system is leased or on a PPA

- ☐ **Obtain a full copy of the lease or PPA**
  Monthly payment, escalation rate, remaining term, buyout options and assumption requirements. Essential before listing.
- ☐ **Note the monthly payment and the annual escalator**
  Most leases escalate 2.9%–3.9% a year. The Leased vs. Owned calculator turns that into a total obligation.
- ☐ **Confirm the buyout option and its current amount**
  Many leases allow a buyout. Request a current quote from the provider.
- ☐ **Start the assumption process early in escrow**
  The buyer has to be approved, which commonly takes weeks. If they do not qualify the seller may have to buy the lease out at closing.
- ☐ **Confirm whether the battery is on the same contract**
  Some agreements bundle the battery; others hold it separately. Each has to be handled on its own terms.

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6 · MONITORING & PRODUCTION

Verify the system is producing as expected

- ☐ **Confirm monitoring is active**
  Active monitoring is what makes real and historical production verifiable at all.
- ☐ **Request 12 months of production data**
  Compare actual output against what the system size should produce. A large shortfall points at equipment.
- ☐ **Confirm the monitoring account transfers to the buyer**
  Without it the buyer has no visibility into how the system is performing.
- ☐ **Check for active alerts or error notifications**
  Monitoring platforms flag underperforming or offline panels and inverters. Unresolved alerts should be investigated before closing.

7 · BATTERY STORAGE

Only if a battery is present

- ☐ **Confirm brand, model and usable capacity (kWh)**
  Powerwall 3 is 13.5 kWh, Franklin WH 13.6, Enphase IQ 5P 5, SunVault 13. Capacity drives the value estimate.
- ☐ **Confirm the number of units installed**
  Multiple units multiply both capacity and value. Check the breaker panel or the installation contract.
- ☐ **Determine battery ownership**
  An owned battery conveys with the deed. A leased battery adds no appraised value and requires separate buyer qualification.
- ☐ **Confirm whether it is backup-capable**
  Not every battery backs up the house; many only shift usage off peak. Buyers who expect backup must verify it rather than assume.
- ☐ **Check battery warranty status**
  Usually 10 years. Confirm the remaining term and whether it transfers.

8 · RECOMMENDED NEXT STEPS

- ☐ **Schedule a solarIQ360 inspection**
  A condition report, production verification, equipment documentation and the system's programme status, in one document.
- ☐ **Run the Leased vs. Owned calculator**
  Total lease obligation, estimated value added, and battery value.
- ☐ **Initiate the NEM transfer with the utility**
  Provide the new owner's name, account information and service address. Confirm the current deadline with the utility.
- ☐ **Contact the leasing company early**
  If the system is leased or on a PPA, at the start of escrow rather than the end.
- ☐ **Disclose all known solar information to the buyer**
  California requires disclosure of material facts: ownership type, lease obligations, permit status and known defects.

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