



Before You Sign a Solar Lease Agreement

HOW A SOLAR ENERGY LEASE WORKS

When you lease a solar energy system, a company installs the system on your house and you sign a contract to use the system. Contracts often last 20 years or more. You don't buy the system or own anything installed on your property. The leasing company owns the system and is generally responsible for system maintenance.

During the term of the contract, you're entitled to use all the power the system produces. You'll probably buy less power from your electricity utility. If the company is promising electric bill savings, the combined total of your new electricity bill plus your monthly lease payment should be lower than your current electricity bill. Your contract might allow your monthly payment to increase over time.

You do not own the system. For that reason, you generally cannot claim government incentives such as federal or state tax credits. You may also have [other options available](#) to save money on utility bills. At the end of your lease contract you do not automatically own the system. Make sure you understand the contract terms and if you are required to purchase the system from the company at "fair market value."

- Some states have incentive programs or rebates that can help pay for renewable energy and energy efficiency upgrades. Some have special programs for low- and moderate-income households. Before you sign up, you may want to contact your state's [environmental agency](#) or [energy office](#).
- Consider how long you expect to stay in your home. For example, if the lease lasts 15 years, but you hope to move in five years, you may want to explore other options, such as community solar programs.

A solar energy lease is a binding legal agreement. These leases can be complex. If you have questions about the terms in your agreement, consult a lawyer if you can. Before you sign an agreement, consider your options.

- You can consider ways to save money on utilities and make energy-efficient improvements on your own. Take this step before you agree to a program from a business or salesperson who makes money from signing you up.
- You might be eligible for year-round help with utility bills through [your local Low Income Home Energy Assistance Program \(LIHEAP\) office](#) or the National Energy Assistance Referral Hotline at (866)-674-6327.
- You can hire an independent, unbiased energy assessor to come to your home and make recommendations based on your situation. [Look up an assessor near you.](#)



HOW TO SPOT SCAMS AND BAD BUSINESS PRACTICES

High-pressure sales tactics, exaggerated promises of savings, and claims of “free” products and services are some major red flags.

01

Tax Credits to Reduce Costs

Be wary of anyone who says you can use tax credits to reduce the cost of the panels. With a lease, you don't own the system, so that claim is a lie.

02

High Future Energy Costs

Be wary of statements that energy costs will skyrocket in the future, so you need the solar energy lease now.

03

Guaranteed Energy Savings

Don't believe anyone who says that the lease is guaranteed to lead to energy savings or eliminate your energy bills.

04

Federal Government Pays for Solar Power

Don't believe anyone who says the federal government pays for your solar power. That's a scam.

05

Get It In Writing

Get it in writing – information related to your transaction and a paper copy of your contract. If you don't get either, that's probably a scam.

BEFORE YOU SIGN A CONTRACT, CONSIDER:

- How long does the contract last?
- What is my monthly payment? What are all the costs and fees? Are there exit fees or early termination fees, sign-up fees, or other fees? Will the fees change or increase over time?
- The right to cancel the transaction lasts for at least three days from the date it is signed. How can I exercise my rights to cancel?
- What happens to the system if the company goes out of business, or sells it to another company?
- How does this offer compare to offers from other companies?
- Are my estimated costs and potential savings based on assumptions such as my past usage, current electric rates, or something else?
- How many kilowatt-hours per month would this system produce on average? How does that compare to my current electricity usage?
- How can I make sure that I am not leasing more solar panels than I need?
- What happens if I want to leave the contract or sell my house? Will I pay a penalty, like an early termination fee?
- What happens if the system needs repair, replacement, or removal? What recourse do I have with the company that owns the system to cease payment if it not repaired or replaced in a timely manner?
- What happens if the system is damaged by a storm, fire, or natural disaster?
- Is there an impact on my property taxes?

GET IT IN WRITING:

- Make sure you receive all documents (contracts, disclosures, etc.) in a form that you can keep.
- Be careful when you sign anything on the seller's computer or tablet. That's what scammers ask you to do when they're hiding the details.

If you have lost money to a clean energy scam involving fraud, discrimination, or other unfair, deceptive, or abusive practices, federal and state agencies can help.

- If a business doesn't make good on its promises or cheats you out of your money, the FTC wants to know: [ReportFraud.FTC.gov](https://www.ftc.gov/whats-new/2018/05/report-fraud-ftc).
- Having trouble with a financial product or service? [Submit a complaint online](https://www.consumerfinance.gov/complaint/) with the Consumer Financial Protection Bureau (CFPB) or call 1-855-411-CFPB (2372).
- Some states have their own consumer protection offices. Check what resources are available in your state: [usa.gov/state-consumer](https://www.usa.gov/state-consumer). Find your state's utility consumer advocate at [nasuca.org/members](https://www.nasuca.org/members).
- Nonprofit legal services can help you stand up for your rights in cases of fraud, abuse, or deception: [lsc.gov/about-lsc/what-legal-aid/i-need-legal-help](https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help) or [lawhelp.org](https://www.lawhelp.org).

