

Financing Solar

Now is definitely the time to buy solar. Prices are low. Federal tax credit is still in place. There are utility rebates and local incentives to get you excited about making your own electricity.

If you need some financing help, what are the options? And which are the best options?

- It's always good to save up and buy rather than borrowing. Debt can turn your life upside down pretty quickly.
- Second best is to buy only what you can afford. We have [four starter kits under \\$3,500, all expandable](#). Buy what you can afford and expand as you are able.
- Third best is a home equity loan. We see home equity loans for as little as 1.99% interest now. Start with the bank where you keep your checking account.
- Next on the list of financing possibilities: Check out the banks who are part of the PowerSaver Program. This is a government supported program that will guarantee loans up to \$25,000 from a list of 18 banks and/or credit unions. The credit unions have the best interest rates.

Lenders participating in PowerSaver include:

- Admirals Bank
- AFC First Financial Corporation
- Bank of Colorado
- City of Boise, Idaho
- Energy Finance Solutions
- Enterprise Cascadia; Home Street Bank
- Neighbor's Financial Corporation
- Paramount Equity Mortgage
- Quicken Loans
- SOFCU Community Credit Union
- Stonegate Mortgage Corporation
- Sun West Mortgage Company
- The Bank at Broadmoor
- University of Virginia Community Credit Union
- Viewtech Financial Services
- Win Trust Mortgage
- W. J. Bradley Mortgage Capital Corporation

According to the Federal Housing Administration office, "PowerSaver loans will only be available to homeowners who have the wherewithal and motivation to make energy improvements to their home. Borrowers must have credit scores of at least 660 and their total debt to income ratios cannot exceed 45 percent. The combined loan-to-value ratio for all loans on a home, including the PowerSaver loan, cannot exceed 100 percent."

Leasing is also an option – just not your best option for these reasons:

- The lease payment may be hinged to the rising cost of electricity and will rise accordingly.
- The lease contract you sign may interfere with your ability to sell your house, as the house buyer also has to qualify in order for you to transfer the contract to them.
- The lessor gets the benefit of the federal tax credit and any other financial incentives.

Ask the leasing company the following questions:

- Is the lease is for purchase of electricity or for lease of solar equipment?
- Does the lease show the total dollar cost of the entire lease term?
- How will the lease be transferred to future homeowners?
- What future costs can the leasing company add at end of lease term?

The PowerSaver Program can also be used on a solar lease.

Now here is a twist on the PowerSaver Program, which was intended to help homeowners finance home improvements that lead to greater energy efficiency.

From the Federal Housing Administration website FAQ's on the PowerSaver Program:

HUD has determined that PowerSaver funds can be used to pay the full cost to prepay a lease for solar equipment, with the following rules:

1. The lease must be for the lease of solar equipment, not for the purchase of power or energy.
2. The Title I loan term must be the same as, or less than, the lease term.
The solar lease must show the total dollar cost of the entire lease term, and that amount must be paid in full with PowerSaver loan, and borrower assets if applicable.
3. The lease must provide for successors-in-interest (permitting transfer of lease to any future home owner)
4. The lease must clearly disclose potential future costs, and state what options are available to the lessee at end of lease term, such the purchase, or return of equipment.
5. Worth noting: *You will see solar contractors and distributors who say they offer financing, when in reality they are simply referring customers to one of the above list of banks who are participating in the government loan guarantee program. Do your homework before applying at any one bank for credit. We notice one bank is purely Canadian. Nothing wrong with Canadian banks, but why strap our government with guaranteeing loans to a non-US Bank*

