



Guide to Buying a Home with an Existing Solar System

What you need to know about buying a home with an existing solar system including solar valuation, how a solar loan or PPA affects you, and what questions to ask throughout the buying process.

Thanks to potential savings and increasing energy independence, more homeowners than ever before are opting for home solar installations.¹

As a prospective home buyer, you may be considering a home that already has a home solar system. There are many benefits that come with buying a solar home:

- The home solar system is already installed! You don't need to search for an installer, deal with the permitting process, or set aside time for a new installation.
- Gain the upper hand on rising electricity rates. A study from the U.S. Energy Information Administration has shown that electricity rates across the United States have been rising steadily since 2015.²
- Going solar can be a great way to decrease your home's carbon footprint – solar is modern, clean technology.
- In many markets where electricity is expensive, a home solar system may provide lower electricity bills.³
- An owned solar system may increase your home's value.⁴
- Increase your energy independence.

If you're ready to buy a home with a solar system already installed, we're here to help you understand valuation, financing options you may encounter, and a few questions you should ask along the way.

Understanding Home Solar Valuation

A home solar system can add value for you as a buyer. Typically, you can expect a home solar system that is owned through a cash purchase or a loan to add an amount to the home's appraised value. This is based on a study funded by the Department of Housing and Urban Development showing that every dollar in reduced energy costs from solar production adds \$20 to the value of a home.

That means that if the home solar system saves you \$1,000 a year, you can expect the home solar system to add \$20,000 to a home's value.⁴



Important Questions to Ask About a Solar Home

- **Who owns the solar system?**

With the growing popularity of home solar, there are many different home solar financing options available. Each solar homeowner is unique, and they are encouraged to choose the option that works best for their needs.

Find out what, if any, payments are still owed on the home solar system. Ask what prepayment options and discounts might be available, and factor that into your offer.

- **Is net metering available for my utility?**

Solar homeowners still receive utility bills for times when the home has to pull electricity from the grid - at night, on cloudy days, and during times when electricity consumption exceeds solar energy production.

Net metering gives homeowners a utility bill credit for any excess energy from the home solar system that is sent back to the grid. The cost of pulling electricity from the grid can be offset by the net metering credits a homeowner receives when sending excess solar production back to the grid.⁵

Purchasing a Home with a Solar System Owned Outright

Buying a home with a solar system that is owned outright is ideal for most buyers. There are fewer negotiations and fine print to understand. If the loan is paid off, or was paid with cash, you are good to go! The home solar system will be owned by the buyer, just like any other appliance in the home.

You should still find out pertinent details about the home solar system including:

- Date of installation and lifespan.
- Warranty information.
- Any repairs that have been made
- The technician and solar company that worked on the home solar system.

Purchasing a Home with a Solar System Loan

If there is still a loan in place on the home solar system, there are a few things to consider.

- Is the loan transferrable? What are the qualification terms that you will need to meet?
- What is the lifespan of the home solar system, and when was it installed?
- What, if any, warranty remains? What type of repair plan is in place for the home solar system?
- Can you negotiate to have the seller pay off the loan, after which the home solar system will be owned outright?

Purchasing a Home with a Solar System Lease or PPA

If the home solar system is leased or has PPA (power purchase agreement), a third-party owner has full ownership of the system.

- If the home solar system is leased, the homeowner pays a monthly fee to the third-party owner (solar service provider) for renting the equipment.
- In the case of a PPA, the home solar system is owned by a third-party owner (a solar service provider) and the homeowner pays for the solar energy produced.

Sunnova is an example of a third-party owner, known as a solar service provider. We maintain the term of the 25-year service agreement and offer a transfer option, meaning you will not have to “buy out” the agreement.

Some things to think about when considering a home solar system that is owned by a solar service provider:

- **Is this a lease or a PPA?**

It's important to understand exactly what type of energy service plan the home solar system is under. A lease and a PPA have different risks and obligations. You should know exactly what those are before signing on the dotted line.



- **What are the monthly payments?**
The seller should be able to provide you with a rate schedule for both a lease and PPA.
- **What is the term of the agreement? How many years remain on the agreement?**
- **Is there an escalator? If so, how much is the annual increase?**
Some leases and PPAs come with an escalator. This means that the fees are less at the start of the agreement, and slowly increase over time. If there is an escalator, the solar service provider gave the original owner a pricing schedule that they can pass on to you.
- **Is there an option to purchase the solar system?**
Some leases and PPAs do not have an option to purchase the system. If you are interested in being able to purchase the system during or at the end of the lease or PPA term, this is important to clarify in advance.
- **Am I qualified to take over the lease or the PPA?** (credit, income, requirements by the TPO or solar service provider)
As with any lease, PPA or financed purchase, buyers must meet certain credit terms. Even in the case of transferrable leases or PPAs, you should find out in advance what type of credit qualifications are required to take over the lease or PPA.

Other Home Solar Considerations

- **Who was the home solar system built for?**
Before any home solar system is installed, an energy audit is conducted to determine a household's energy consumption levels. Ideally, the home solar system is custom built to meet the unique demands of the household. If your household is bigger or smaller than the previous owner's, the home solar system may not meet your energy needs. You may be able to add a second home solar system if you find that your family needs more energy.
- **Buying solar is competitive.**
Lots of buyers want solar homes. In California, a survey showed that 91 percent of buyers saw energy efficiency as an important factor in the decisions they made while buying a home.⁶ If you find a home with solar that you like, you may need to move quickly to secure the home.

Finding the Right Home

Once you've decided whether or not a home with a solar system is right for you, the considerations outlined above will help to guide you smoothly through the buying process.

Remember that it's okay to ask as many questions as you need to in order to feel confident in your purchase. With the advances in solar technology, most home solar systems will last for decades. You're making a long-term investment in your family's future and investing in a home with solar just might be right for you.

1. <https://www.seia.org/solar-industry-research-data>

2. <https://www.eia.gov/electricity/data/browser/#/topic/7?agg=0,1&geo=g&endsec=vg&linechart=ELEC.PRICE.US-ALL.M-ELEC.PRICE.US-RES.M-ELEC.PRICE.US-COM.M-ELEC.PRICE.US-IND.M&columnchart=ELEC.PRICE.US-ALL.M-ELEC.PRICE.US-RES.M-ELEC.PRICE.US-COM.M-ELEC.PRICE.US-IND.M&map=ELEC.PRICE.US-ALL.M&freq=M&start=200101&end=201810&ctype=linechart<ype=pin&rtype=s&maptype=0&rse=0&pin=>

3. Individual savings will vary based on your utility rate, your energy consumption habits, the solar system equipment installed on your property, your tax incentives eligibility, weather and other factors. In some states Sunnova's products are not designed to offer savings. Customers located in states or territories other than CA, CT, MA, RI, NY and NJ are likely to perceive savings substantially lower than 20%, if any. Individual savings estimates are based on your solar energy production, your solar kWh rate, potential tax incentives, your utility kWh rate at the time of purchase, and projected increases in the utility rate (based on historical data and national averages). Estimates do not take into consideration other changes in utility rates. Such changes could affect your overall estimated savings. Sunnova does not guarantee savings.

4. <https://emp.lbl.gov/sites/default/files/lbnl-1002778.pdf>

5. Sunnova makes no guarantees regarding credit for net energy exported to the electric grid, and any credit provided (now or in the future) is subject to change or termination by executive, legislative or regulatory action.

6. https://www.gosolarcalifornia.org/professionals/real_estate.php