

Does Installing Solar Panels Put a Lien on Your Property Title?

By Positive Energy Solar

So you're interested in switching to solar energy, but you aren't sure whether you should own or lease a solar energy system and whether it will place a lien on your home, in this we'll look at the differences between owning and leasing your solar panels.

Solar Financing & UCC-1

When financing a solar energy system for your home, some lenders require a Uniform Commercial Code financing statement ([UCC-1](#)) to be filed. **It is important that not all lenders or banks will file a UCC-1.**



A UCC-1 statement is a legal notice that some creditors file to publicly declare their right to seize assets from anyone who defaults on a lease granted to them for their solar project. In other words, it allows the lender the right to repossess the solar panels in case of a default.

This is not a lien on your home. A buyers' mortgage lender who is unfamiliar with solar financing may mistake a UCC-1 filing to be a lien on your home when performing a title search - but it isn't. Mortgage lenders place liens on houses, auto lenders place liens on vehicles, solar lenders and banks that file **UCC-1 statements on solar projects do not place liens on anything but the solar panels.**

A UCC-1 is a filing by the solar lender or bank that indicates their legal right to repossess all solar equipment in the event that you fail to keep up with your payments on the solar lease and in some cases solar loans. This ensures that the asset of the lender, your solar panels at the time, remains protected for the term of the lease or paid for in full. They do not legally claim or hold any ownership over any other part of your home. The UCC-1 filing appears on your property title to give notice to anyone running a title search that the solar panels are on your property.

If you decide to purchase your solar panels outright, you do not need to concern yourself with the UCC-1 statement. This is because you own the system. UCC-1 statements are filed only when you lease or take out a loan on your solar system with certain banks.

Solar Leases

When signing a [solar lease](#), you are basically renting the solar panel system. With a lease a UCC-1 financing statement will be filed with the agreement and a lien will be placed against the panels. Solar leases do not allow you the tax credits and financial incentives that come with owning a solar system.

With a lease, you pay a fixed monthly "rent" in return for use of the system. Your property value does not increase under a solar lease because you do not own the solar. It does in many cases become a selling feature to a prospective buyer who will benefit from much lower fixed cost energy for years.