

Leasource Financial Services, Inc.

1000 River Rock Drive, Suite 218, Folsom, CA 95630
Toll Free: 800-991-0099 Local: 916-988-7723 Fax: 916-988-3931

Solar Pro Program Frequently Asked Questions

Does the lessee keep the ITC? Yes and No. We have a couple of different options to choose from.

1. If the lessee would like to see additional savings, then the lender will retain the 30% ITC credit and the lender passes the savings into the stream of payments as an additional discount (**custom pricing is needed for this option**). The lessee must be a strong credit for this option and show positive net worth and cash flow. This is completed under our Solar Pro Program.
2. If the lessee would like to keep the 30% ITC, then the lessee can be quoted with rates from our Commercial Lease Rate Factors. The End of Term option for the Premium Rate Factor program is a balloon payment of 10% and the Equipment Finance Agreement (EFA), is used to complete this transaction.

Are Non-Profits & Municipalities able to benefit from the ITC? No. Non-Profits and Municipalities do not qualify because Tax Credits are used to offset net income and Municipalities and Non-Profits don't produce a profit.

Who retains the [SREC's](#) (Solar Renewal Energy Credits) or other energy credits: The SREC's or other applicable energy credits flow to the lessee from their utility company or Municipal entities that offer incentive programs.

Can you look at very large solar transactions? Yes. If you have a major project (at least \$1,000,000.00), we have other options available for both For-Profit, Non-Profit and Municipalities.

How are the deposits/prefunding handled for the vendor? The lenders who are offering this Solar Program will not be placing funds into an escrow account. What they will be doing is their Progress Payment program, where they will offer a 50% prefund (to get equipment ordered), and then the remaining 50% payment will be distributed when the install is completed, the Permission to Operate (PTO) is received from the local utility and the power is switched over. The vendors must be approved for any pre-payments.

Is there a certain way the vendors need to invoice the project? Yes. The lender will request the final invoice to be set up as follows to accompany the completed documents if completed under the Solar Pro Program:

- Sold To: Lender
- Ship To: Lessee

If the lessee is keeping the 30% ITC, and the transaction is booked as an Equipment Finance Agreement (EFA) then the invoice will be set up as follows:

- Sold To: Lessee
- Ship To: Lessee

The invoice should have the requested deposit amounts with an approximate time they will need to be paid.

Is there an End of Lease Option for this Solar Program? Yes. At the end of the original term (i.e., 7 years), the lessee has the option to either buy the equipment for stated residual/FMV or to extend the lease for an extended term. The extended term is based on the lessee's financial strength and will be determined before the lease term ends. At the end of the extended term, the client can either turn in the equipment or purchase it for the FMV. The FMV is established by the lender/appraiser as if the equipment was in storage and not an earning asset.