



### LEASE AGREEMENT FOR PHOTOVOLTAIC SOLAR ENERGY EQUIPMENT

Sungevity Development, LLC 66 Franklin Street, Suite 310 Oakland, CA 94607	Name and Address of Property Owner: Patti Gwathmey 6105 Burgandy Lane Paso Robles CA 93446	Address for Installation (if different from Address of Property Owner):
Lease Signed by Property Owner on: 4/4/2014		Email Address and/or Facsimile Number for Notices (optional) vuhvern@yahoo.com

- 1. Introduction.** This is the Lease Agreement for Photovoltaic Solar Energy Equipment (the "Agreement") between Sungevity Development, LLC ("Sungevity") and the property owner(s) listed above (collectively "you") for the lease of the photovoltaic solar energy equipment that is more fully described below (the "System"). Sungevity or its successor in interest under this Agreement (pursuant to Section 10) is referred to herein as the "Lessor," "us" or "we". By signing this Agreement, you agree to lease from us (and we agree to lease to you) the System on the terms and conditions contained in this Agreement. Our obligations under this Agreement include the installation of the System at the address listed above (the "Property") and your obligations include making the payments described in Section 5. Please ask your Sungevity solar consultant if you have any questions regarding these or any other terms of this Agreement. Also, please note that this Agreement contains disclosures required by the Federal Consumer Leasing Act and, as applicable, other federal and state law.
- 2. Lease Term.** We will lease the System to you for the Lease Term. The "Initial Lease Term" is the period beginning on the Interconnection Date and ending on the date that is 20 consecutive years (240 consecutive calendar months) from the date on which you are required to make your first Monthly Payment as required by Section 5(b) below. For example, if your first Monthly Payment is due on January 15, then the Initial Lease Term would end 20 consecutive years from January 15. You may extend the Lease Term in accordance with Section 12 of this Agreement. The period of each extension is referred to as a "Renewal Lease Term". The "Lease Term" is the period beginning on the Interconnection date (defined below) and ending at the expiration of the later of (a) the Initial Lease Term or (b) any Renewal Lease Term(s) to which you have agreed, and cannot exceed 25 years.
- 3. Description of the Photovoltaic Solar Energy Equipment.** The System is made up of the following components which are estimated to produce 6592 kilowatt-hours/year ("kWh/year") in the first year, and an average of 6288 kWh/year over the term of your lease. Based on this annual production and the amount listed in Section 5.d, the estimated price per kWh during the Initial Lease Term is \$0.19 (please note that you are leasing the System rather than buying energy).

Components	Quantity
Hyundai Heavy Industries HiS-S260MG(BK)	14
SMAAmerica SB3000TL-US-22 (240V)	1

- 4. Performance Guarantee and Limited Warranty and Solar Operation and Maintenance Guide.** We have provided to you the "Performance Guarantee and Limited Warranty Agreement" (the "Limited Warranty") and "Solar Operation and Maintenance Guide" (the "Guide"). Please be sure to read these carefully as these documents are referenced in this Agreement and include some of your obligations with respect to the System.



**5. Lease Payments; Amounts.**

<p><b>(a) Amount Due at Lease Signing:</b></p> <p>\$0.00</p>	<p><b>(b) Monthly Payments (taxes not included):</b>                  If the Interconnection Date (defined as the date that the System is fully operational and inter-connected to the electrical grid) is between the 1<sup>st</sup> and the 15<sup>th</sup> day of the month, your first Monthly Payment of \$75.68 is due on the 1<sup>st</sup> day of the calendar month following the Interconnection Date and subsequent Monthly Payments are due on the 1<sup>st</sup> day of each calendar month thereafter; or, if the Interconnection Date is between the 16<sup>th</sup> day and the last day of the month, then your first Monthly Payment of \$75.68 is due on the 15<sup>th</sup> day of the calendar month following the Interconnection Date and subsequent Monthly Payments are due on the 15<sup>th</sup> day of each calendar month thereafter.</p> <p>This first Monthly Payment covers the first full calendar month of the Lease Term; it is followed by:                  11 Monthly Payments of \$75.68 each, followed by                  12 Monthly Payments of \$77.87 each, followed by                  12 Monthly Payments of \$80.13 each, followed by                  12 Monthly Payments of \$82.46 each, followed by                  12 Monthly Payments of \$84.85 each, followed by                  12 Monthly Payments of \$87.31 each, followed by                  12 Monthly Payments of \$89.84 each, followed by                  12 Monthly Payments of \$92.45 each, followed by                  12 Monthly Payments of \$95.13 each, followed by                  12 Monthly Payments of \$97.89 each, followed by                  12 Monthly Payments of \$100.72 each, followed by                  12 Monthly Payments of \$103.65 each, followed by                  12 Monthly Payments of \$106.65 each, followed by                  12 Monthly Payments of \$109.74 each, followed by                  12 Monthly Payments of \$112.93 each, followed by                  12 Monthly Payments of \$116.20 each, followed by                  12 Monthly Payments of \$119.57 each, followed by                  12 Monthly Payments of \$123.04 each, followed by                  12 Monthly Payments of \$126.61 each, followed by                  12 Monthly Payments of \$130.28 each.</p> <p>The total amount of Monthly Payments for the Initial Lease Term will be \$24,155.89. The Monthly Payment schedule above incorporates an annual increase at a rate of 2.9% applied to each full year of the Initial Lease Term (the "Annual Increase Rate").</p>	<p><b>(c) Other Charges:</b>                  (not part of the Monthly Payments)</p> <p>None.</p>	<p><b>(d) Total of Payments:</b>                  (The amount you will have paid by the end of the Initial Lease Term of this Agreement)                  \$24,155.89                  (total of Monthly Payments, and any other amounts specified in this Section 5; <b>does not include any additional installation cost or taxes</b>)</p>
<p><b>(e) Purchase Option At End of Lease Term :</b> If you are not in default under this Agreement, you will have an option to purchase the System at the end of the Lease Term for its fair market value.</p>			
<p><b>(f) Other Important Terms :</b> See Section 2 above for additional information on the Lease Term and also see below for additional information on termination, purchase options, renewal options, maintenance responsibilities, warranties, late and default charges, required insurance and prohibition on assignment without our consent.</p>			



## 6. Obligations.

- a. Payments. You agree to make the payments described in this Agreement.
- b. Notification. You agree to let us know in writing (i) within 24 hours of discovering that the System is not working properly and (ii) immediately upon discovery (a) of an emergency condition relating to the System, (b) that the System appears to have been damaged, or (c) that any portion of the System has been stolen.
- c. Property and System Maintenance. You agree:
  - i. to maintain the Property so that the System will receive the same amount of sunlight as it did when it was installed (which includes things like trimming trees and other plants and not making any modifications to the Property that might shade the System),
  - ii. to clean the System as described in the Limited Warranty and the Guide,
  - iii. not to do anything (or allow any condition or circumstance to occur or exist) which might cause the System not to properly function, and
  - iv. not to remove the markings and identification tags on the System.
- d. Use of System. You agree that the System will be used primarily for personal, family or household purposes (except that it will not be used to heat a swimming pool).
- e. No Alterations. You agree that you will not, without our prior written consent, make any improvement or modification to the System or take any other action that might void the Limited Warranty. You agree that improvements or modifications made to the System will become part of the System and our property.
- f. Access for Installation; Repair; Inspection.
  - i. You agree to give us and our affiliates, including Sungevity, Inc. (whose applicable contractor's license number is listed on Exhibit 2), and our respective agents, employees and contractors reasonable access to the Property and the System and cooperate with us so that we can:
    - A. install, construct, inspect, operate, own, repair, access, remove and replace the System
    - B. make any additions to the System or install complementary technologies on or about the location of the System,
    - C. enforce our rights under this Agreement and with respect to the System,
    - D. install, use and maintain electric lines and inverters and meters, necessary to interconnect the System to your electric system at the Property and/or to the utility's electric distribution system or
    - E. take other action reasonably necessary in connection with the construction, installation, operation, maintenance, removal or repair of the System insofar as those activities are contractually assigned to the parties identified above.

This right of access and your agreement to cooperate will end at the earlier of (A) ninety (90) days from the date this Agreement terminates or expires and (B) the date on which we complete the removal of the System (if applicable). To the extent we reasonably can, we will attempt to notify you prior to accessing the System.
  - ii. You will take any actions needed to preserve our right to access the Property and the System granted above and you will not permit interference (directly or indirectly) with those rights. If requested by us, you agree to sign an easement that sets forth in writing Sungevity's right to access the Property for the purposes described above, and will reasonably cooperate with our obtaining such an easement, including providing relevant information we may request. We may file this easement in the public records.



- iii. You agree that we may file any UCC-1 financing statement or fixture filing that confirms our or our affiliate's ownership of the System. You agree that the System is not a fixture to the Property. You agree that for Systems located in California, we will file a "Notice of an Independent Solar Energy Producer Contract" with the county recorder for the relevant county, in accordance with Section 2869(b) of the California Public Utilities Code.
  - iv. You agree to reasonably cooperate with us concerning any other filings or notices that we reasonably believe are necessary in connection with the Lease and the System (for example, if future changes to applicable laws require additional disclosures or if the credits and rebates described in Section 9 below require us to obtain your signature on additional documents).
  - v. You agree that you will not repair the System (or have the System repaired) except for repairs made in accordance with the Limited Warranty.
- g. Late Charges; Return Fees; Automatic Payments. Payments not made when due will accrue interest at the lesser of (i) twelve percent (12%) per year and (ii) the maximum amount permitted by applicable law. You will be assessed an additional fee of twenty-five dollars (\$25) for each return or refusal of your bank to honor an ACH withdrawal or check. If you choose not to make automatic Monthly Payments through ACH withdrawals from your checking or savings account, an additional processing fee of \$10 per month will apply.
  - h. Insurance. Sungevity provides insurance for the System during the Lease Terms (including any extensions) under the Limited Warranty.
  - i. Taxes. You agree to pay when invoiced all applicable sales or use taxes and related fees on the Monthly Payments. You also agree to pay any sales or use taxes on the purchase price if you purchase the System. You also agree to pay as invoiced any applicable personal property taxes on the System that your state or local jurisdiction may levy.
  - j. No Liens. You agree that you will keep the System free and clear of all liens, claims, levies and legal processes other than those created by us. You further agree to defend and protect us against all such liens, claims, levies and legal processes (other than those created by us).
  - k. Indemnity. You agree to indemnify us against, and hold us harmless from, any and all losses, claims, damages, liabilities and related expenses (including all reasonable fees, costs and expenses of counsel), incurred by us or asserted against us by you or any third party arising out of, in connection with, or as a result of your negligence, willful misconduct or breach of your contract obligations to us. However, you will not be required to indemnify us for our own gross negligence or willful misconduct. This indemnity obligation will survive termination or expiration of this Agreement.
  - l. Net Lease Payments. YOU AGREE THAT THIS AGREEMENT IS A "NET LEASE" AND YOUR OBLIGATION TO PAY ALL MONTHLY PAYMENTS AND ALL OTHER AMOUNTS UNDER THIS AGREEMENT IS ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE TERMINATED, EXTINGUISHED, DIMINISHED, SETOFF OR OTHERWISE IMPAIRED BY ANY CIRCUMSTANCE WHATSOEVER, IT BEING YOUR AND OUR INTENTION THAT ALL MONTHLY PAYMENTS AND OTHER AMOUNTS PAYABLE UNDER THIS AGREEMENT SHALL CONTINUE TO BE PAYABLE IN ALL EVENTS (INCLUDING PAYMENTS BY YOUR ESTATE AND HEIRS).
  - m. Waiver. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT OR BY APPLICABLE LAW, YOU HEREBY WAIVE ALL RIGHTS YOU MAY HAVE TO REJECT OR CANCEL THIS AGREEMENT, TO REVOKE ACCEPTANCE OF THE SYSTEM, OR TO GRANT A SECURITY INTEREST IN THE SYSTEM.

**7. Conditions to Installation.** Our obligation to install and lease the System is subject to our confirmation that the following conditions have been satisfied or waived by us:

- a. We have completed a physical inspection of the Property (which may include a geotechnical evaluation) and real estate due diligence which confirms that the Property is suitable in its current condition for the installation, construction and operation of the System and the performance guarantee provided in the Limited Warranty;



- b. We have received all necessary zoning, land use, building and other permits and permissions required for the installation, operation and maintenance of the System;
- c. This Agreement has been approved by our financing partner(s); and
- d. We have confirmed that we will obtain all of the applicable benefits in Section 9.

We may terminate this Agreement without liability if we believe that any of these conditions will not be satisfied for any reason beyond our reasonable control (for example, if your Property requires structural repairs or improvements to support the System, or we discover pre-existing hazardous substances on your Property). In that event, we may offer you a proposed revised Agreement that you will be able to accept or decline. Any other material changes to the System will be documented in a Change Notice or Change Order. YOU AUTHORIZE US TO MAKE CORRECTIONS TO THE REBATE AND OTHER ENVIRONMENTAL INCENTIVE PAPERWORK DESCRIBED IN SECTION 9 AND EXHIBIT 2 TO CONFORM TO THIS AGREEMENT OR ANY CHANGE NOTICE OR CHANGE ORDER TO THIS AGREEMENT.

8. **Warranty.** The Limited Warranty is a separate Agreement. Sungevity's obligations under the Limited Warranty are separate and independent from its obligations under this Agreement. Any obligations that Sungevity has and rights that you have under the Limited Warranty will not give rise to any recourse against us under this Agreement or otherwise affect your obligations under this Agreement. You understand and agree that you are not allowed to offset any payment or right you are entitled to under the Limited Warranty against any payment or obligation you owe under this Agreement. This Section 8 will prevail over any conflicting or inconsistent provision of this Agreement.

EXCEPT TO THE EXTENT PROHIBITED BY THE LAW OF THE STATE DEFINED IN SECTION 20, WE ARE PROVIDING THE SYSTEM TO YOU "AS IS"; AND OTHER THAN PURSUANT TO THE LIMITED WARRANTY, THERE ARE NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PURPOSE, CONDITION, DESIGN, CAPACITY, SUITABILITY OR PERFORMANCE OF THE SYSTEM OR ITS INSTALLATION AND YOU DISCLAIM AND WAIVE ANY RIGHT TO ASSERT ANY OF THOSE WARRANTIES UNDER THE LEASE.

**Quiet Enjoyment.** We agree that so long as you are in compliance with your obligations under this Agreement, neither we nor any successor in interest to us, or any party claiming through either of the foregoing, shall interfere with or interrupt your quiet enjoyment of the use, operation and possession of the System and your rights and interests therein, in accordance with the terms of this Agreement.

9. **Ownership of the System; Tax Credits; Rebates.** This Agreement is a lease and not a sale agreement. You agree that the System is our personal property under the Uniform Commercial Code. We own the System and any data from the System for all purposes. See Exhibit 2 for additional specific information concerning ownership of environmental incentives and tax benefits available with respect to the System, including, without limitation, (a) depreciation deductions, investment tax credits and any cash grant in lieu of investment tax credits and (b) any renewable energy credits, utility rebates (including performance based incentives), and any other environmental attributes associated with the electricity output from the System.
10. **Assignment; Transfer.** We may assign, sell or transfer the System and this Agreement. Upon such assignment, sale or transfer, the obligation to install the system and any obligations under the Limited Warranty and the Guide will remain with Sungevity. You also understand and agree that we may assign this Agreement separately from the Limited Warranty. EXCEPT AS COVERED IN SECTION 13 IN CONNECTION WITH A SALE OF THE PROPERTY, YOU AGREE NOT TO SUBLEASE, ASSIGN, SELL, PLEDGE OR IN ANY OTHER WAY TRANSFER THIS AGREEMENT WITHOUT FIRST OBTAINING OUR PRIOR WRITTEN CONSENT (WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD).
11. **Purchase Option.**
- a. If you are in good standing under this Agreement, you may purchase the System on the date the last payment under this Agreement is due, provided that you (i) deliver to us an irrevocable notice at least one (1) month, but not more than three (3) months, prior to the scheduled purchase date, (ii) pay us the Monthly Payment due on such date (without regard to any right of prepayment under this Agreement) and (iii) pay to us the fair market value of the System. We will tell you what the fair market value is in advance within five (5) business



days of a written inquiry by you. In addition to the foregoing, you agree that you will pay all applicable taxes relating to the purchase and sale of the System.

- b. You may purchase the System in connection with your sale of the Property, provided that such purchase must be completed in accordance with Section 13, below.

**12. Extending the Lease Term.** If you are in good standing under this Agreement, you can extend the Lease Term for one (1) or more successive Renewal Lease Terms of five (5) years each, provided that all such Renewal Lease Terms, when combined with the Initial Lease Term, cannot exceed a total of 25 years. Here is how we will work with you to do this:

- a. Within three (3) months of the expiration of the then-current Lease Term, we will send to you an extension agreement setting forth the Monthly Payments that would be due during the five (5) year Renewal Lease Term based upon our assessment of the then current fair market value. As an incentive for you to renew for the first (1<sup>st</sup>) Renewal Lease Term, the extension agreement for the first (1<sup>st</sup>) five (5) year Renewal Lease Term will set forth Monthly Payments that increase at no greater than the Annual Increase Rate of 2.9% specified in Section 5 above.
- b. You need to send the completed extension agreement to us at least one (1) month prior to the end of the then-current Lease Term. If you do not return the completed extension agreement or disagree with the proposed Monthly Payments, the Lease Term will expire at the end of the then-current Lease Term.

**13. Sale of the Property.**

- a. If you sell the Property, you must do one of the following:
  - i. Assign this Agreement to the New Property Owner: If you sell the Property to a person who meets our credit requirements, as we determine them from time to time, you can transfer this Agreement and all of your rights and obligations under this Agreement to the new Property owner. We will provide a transfer agreement for the person buying your home to sign.
  - ii. Transfer Use of the System to the New Property Owner. If you sell the Property to a person who does not meet our credit requirements, as we determine them from time to time, and still wants to lease the System, you can assign all of your rights and obligations under this Agreement to the new Property owner by:
    - A. paying us all amounts accrued and unpaid under this Agreement including all accrued and unpaid Monthly Payments, penalties, late charges, taxes and interest,
    - B. paying us the sum of all Monthly Payments which are not yet due, discounted to present value at 5% per year (plus any applicable sales or use taxes), and
    - C. having the new Property owner sign a transfer agreement to assume all of your rights and obligations under this Agreement (which will no longer include any Monthly Payments). We will provide a transfer agreement for the person buying your home to sign.

If this option is selected, you may want to consider adding the cost of the System to the Property and funding these payments with the proceeds of the Property sale.

- iii. Remove the System. If prior to the end of the Environmental Incentives Recapture Period (see Exhibit 2), you sell the Property to a person who does not want the System, you may have the System removed at no additional cost to you under the Limited Warranty if you pay us the Termination Amount described in Section 17.a.vii. If you sell the Property after the end of the Environmental Incentives Recapture Period to a person who does not want the System, you may have the System removed at no additional cost to you under the Limited Warranty if you pay us (A) all amounts accrued and unpaid under this Agreement including, without limitation, all accrued and unpaid Monthly Payments, penalties, late charges, taxes and interest and (B) the sum of all Monthly



Payments which are not yet due discounted to present value at 5% per year (plus any applicable sales or use taxes).

- iv. Purchase the System. If you sell the Property, you may elect to purchase the System by paying us the Termination Amount described in Section 17.a.vii. If this option is selected and fully performed, none of you, us or the new Property owner shall have any further obligations under this Agreement (other than those which, by their terms, expressly survive termination).
- b. If you want someone to assume your obligations under this Agreement (options i. or ii. above) you agree to give us at least one (1) month's, but not more than three (3) months', prior written notice. Additionally, please note that the transfer of your rights and obligations under this Agreement will be effective only when you, the new Property owner and us have all signed the transfer agreement we provide.

For the avoidance of doubt, (i) this Section applies to sales by you, your estate or your heirs and (ii) if you sell the Property without complying in full with one of the options in subsection a, you will be in default under this Agreement.

#### 14. Loss or Damage.

Unless you are grossly negligent or you intentionally damage the System, Sungevity will bear the risk of loss, damage, theft, destruction or similar occurrence to any or all of the System. No destruction, damage or theft will impair or reduce your obligations under this Agreement (including your obligation to make the Monthly Payments) and this Agreement will continue in full force and effect.

If there has been such an event of destruction, damage or theft of the System or any portion thereof, and you are not in default of this Lease, you shall continue to make all Monthly Payments and pay all other amounts due under the Lease and cooperate with Sungevity in our efforts to repair or replace the system pursuant to the Limited Warranty, which will be done at Sungevity's sole cost and expense unless you are grossly negligent or intentionally damage the System.

#### 15. Limitation of Liability.

- a. **No Consequential Damages. WE ARE LIABLE TO YOU ONLY FOR DIRECT, ACTUAL DAMAGES. IN NO EVENT WILL EITHER WE OR YOU BE LIABLE TO THE OTHER PARTY FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, TO THE GREATEST EXTENT PERMITTED BY LAW.**
- b. **Actual Damages. Our liability under this Agreement is limited to the maximum amount of the Termination Amount described in Section 17.a.vii. Damage to the Property during installation of the System or caused by the System may be covered by the Limited Warranty.**

#### 16. Default. You will be in default under this Agreement if

- a. you do not make a Monthly Payment or any other payment under this Agreement when due and such failure continues for ten (10) days,
- b. you fail to observe, keep or perform any other material term or condition of this Agreement and such failure continues for fifteen (15) days,
- c. YOU SUBLEASE, ASSIGN, SELL, PLEDGE, ENCUMBER OR IN ANY OTHER WAY TRANSFER THE SYSTEM OR THIS AGREEMENT WITHOUT FIRST OBTAINING OUR PRIOR WRITTEN CONSENT,
- d. you provided false or misleading information in connection with this Agreement or any of your personal or credit information, or
- e. you or your guarantor admits in writing its insolvency, assigns its assets for the benefit of creditors, enters any bankruptcy or reorganization proceeding (either voluntary or involuntary), is otherwise adjudicated bankrupt or insolvent or the occurrence of any similar event.



## 17. Remedies in Case of Default.

- a. If you are in default under this Agreement, we may take any one (or more) of the following actions. We will, to the extent required by this Agreement or applicable law, provide you notice and wait for the expiration of any applicable cure period before taking any of these actions. We may:
  - i. terminate this Agreement.
  - ii. take any court actions or actions at law or in equity to enforce performance by you of the terms and conditions of this Agreement and/or recover damages for your breach.
  - iii. take any action we deem reasonable to correct or cover your default.
  - iv. require you to return the System.
  - v. repossess the System by legal process or self-help in any manner permitted by applicable law.
  - vi. terminate your option to purchase the System.
  - vii. require you to pay the "Termination Amount", in which case and upon payment of this amount by you, you will become the owner of the System on an AS IS, WHERE IS basis and we will have no further rights to the System or rights or obligations under this Agreement and neither we (nor Sungevity if this Agreement has been assigned) will have any further obligations under the Limited Warranty. The "Termination Amount" is an amount equal to the sum of (A) all amounts accrued and unpaid under this Agreement including, without limitation, all accrued and unpaid Monthly Payments, penalties, late charges, taxes and interest; plus (B) the sum of all Monthly Payments which are not yet due discounted to present value at 5% per year; plus (C) an amount which we reasonably believe compensates us (assuming a tax rate of 35%) for the loss or recapture of any of the Tax Benefits (which is defined in Section B of Exhibit 2 of this Agreement) as well as the loss or recapture of any other rebates or environmental benefits; plus (D) the estimated fair market value of the System at the end of the Lease Term as determined by us, discounted to present value at 5% per annum; plus (E) any applicable sales or use taxes relating to items (A) - (D).
  - viii. take any other action or pursue any other remedy available to us under this Agreement or by law.
- b. Please note that by taking any one or more of these actions (or by not taking any one or more of these actions), we do not give up the right to take any of the above actions in connection with the then-existing default or any future default. Additionally, we may take any of the above actions without notice to you, unless applicable law or the terms of this Agreement require us to provide you notice, in which case we will provide notice as required by this Agreement or applicable law.
- c. You agree that you will reimburse us (i) for any reasonable costs and expenses paid by us to correct or cover your default and (ii) for any amounts expended by us relating to the return of the System in connection with an early termination. Any such amounts, costs or expenses paid by us will be immediately due and will be added to the amount owed by you under this Agreement.
- d. Upon our collection of the Termination Amount following your attempt to assign this Lease in a manner not permitted herein, we will quitclaim the System to you, and not to the party to which you impermissibly attempted to assign the Lease.

## 18. Early Termination of this Agreement

- a. Prior to the end of the Environmental Incentives Recapture Period (see Exhibit 2), you may terminate this Agreement provided that you pay to Sungevity the Termination Amount described in Section 17.a.vii. After the Environmental Incentives Recapture Period ends, you may terminate this Agreement provided that you pay to Sungevity the sum of (i) if there is any damage to the System for which you are responsible under this Agreement, the cost of any such repair, plus (ii) all amounts accrued and unpaid under this Agreement





including, without limitation, all accrued and unpaid Monthly Payments, penalties, late charges, taxes and interest, plus (iii) the sum of all Monthly Payments which are not yet due discounted to present value at 5% per year, plus (iv) any applicable sales or use taxes relating to items (i) - (iii).

- b. If we determine after a site audit that the estimated kilowatt size of the System required at your Property is incorrect by more than 10%, then you may terminate this Agreement without penalty or fee at any time prior to the earlier of (i) the date we begin installing the System and (ii) one (1) month from the date we inform you in writing of the revised size estimate. Your right to terminate this Agreement under this Section will not apply in the case of a System that is moved under Section 13.a.iv of this Agreement.

**19. Disposition of the System at the End of this Agreement.** At the end of the Lease Term (as the Lease Term may have been extended pursuant to the extension option), or in the event of an early termination pursuant to Section 18.a, the System will either be removed or remain with you as follows:

- a. If the System has not been purchased by you in accordance with Section 11, we may elect to remove the System within ninety (90) days from the end of the Lease Term. This removal will be at no expense to you if you are not in default under this Agreement at the end of the Lease Term. If you are in default under this Agreement at the end of the Lease Term, however, you will pay us the reasonable costs and expenses of such removal.
- b. If the System has not been purchased by you in accordance with Section 11 and if you are not in default under this Agreement at the end of the Lease Term and we have not notified you of our election to remove the System, then you may make a demand under the Limited Warranty within ninety (90) days of the end of the Lease Term for the removal of the System.
- c. If we do not elect to remove the System under subsection a, and you do not make a demand for removal within ninety (90) days under subsection b, then the System automatically will be conveyed to you on an AS IS, WHERE IS basis and you will own the System.

**20. Applicable Law; Arbitration.** This Agreement is governed by the laws of the state in which the Property is located (without giving effect to principles of conflict of laws) (the "State").

- (a) You agree that to expedite the resolution of and to control the costs of disputes, resolution of any dispute relating to this Agreement ("Dispute") will be resolved according to the procedure set forth in this Section 20.
- (b) Unless otherwise agreed in writing, Sungevity and you agree to continue to perform each party's respective obligations under this Agreement during the course of the resolution of the Dispute.
- (c) You and Sungevity agree to first try to resolve informally and in good faith any Dispute. Accordingly, you agree to send a written notice of Dispute to the address on the first page of this Agreement, and Sungevity will send a written notice of Dispute to your billing address. If you and Sungevity do not reach an informal agreement to resolve the Dispute within 45 days after the notice of Dispute is received, you or Sungevity may commence a formal proceeding as detailed below. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled for the 45 days during which the parties try to informally resolve any Dispute.
- (d) If Sungevity and you cannot resolve the Dispute informally, the Dispute will be resolved by binding arbitration. This agreement to arbitrate Disputes is governed by the Federal Arbitration Act ("FAA"). The arbitration will be conducted under the rules of JAMS that are in effect at the time the arbitration is initiated ("JAMS Rules") and under the rules set forth in this Agreement. If there is a conflict between the JAMS Rules and this Agreement, this Agreement will govern.
- (e) CLASS ACTION WAIVER. ARBITRATION MEANS THAT YOU WAIVE YOUR RIGHT TO A JURY TRIAL, AND ARBITRATION MUST BE ON AN INDIVIDUAL BASIS. AS A RESULT, NEITHER YOU NOR SUNGEVITY MAY JOIN OR CONSOLIDATE CLAIMS IN ARBITRATION BY OR AGAINST OTHER CUSTOMERS, OR LITIGATE IN COURT OR ARBITRATE ANY CLAIMS AS A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.



(f) You may, in arbitration, seek all remedies available to you under this Agreement as interpreted under California law. If you decide to initiate arbitration against Sungevity, Sungevity will pay the costs for initiating the arbitration proceedings. If Sungevity decides to initiate arbitration, Sungevity will be required to pay the costs associated with initiating the arbitration proceeding. Sungevity also agrees to pay the costs of initiating the arbitration proceeding if the arbitrator finds in your favor. Other fees, such as attorneys' fees and expenses of travel to the arbitration, will be paid in accordance with JAMS Rules. If the arbitrator finds in your favor, Sungevity will pay your attorney's fees and expenses of travel to the arbitration. The arbitration hearing will take place in the federal judicial district of your residence, unless you and Sungevity agree to another location in writing. In order to initiate arbitration proceedings, you or Sungevity must take the following actions:

(i) Write a demand for arbitration. The demand must include a description of the Dispute and the amount of damages you are seeking. The form of Demand for Arbitration can be found under ADR Forms at [www.jamsadr.com](http://www.jamsadr.com). (ii) Send three copies of the demand for arbitration to the current JAMS location in San Francisco, California. (iii) Send one copy of the demand for arbitration to the other party.

(g) In accordance with the FAA and the JAMS Rules, the arbitrator's decision will be final and binding. Any right to appeal is likewise governed by the FAA and JAMS Rules. Any arbitration award may be enforced in any court with jurisdiction.

(h) You and Sungevity agree to receive service of process of the arbitration demand by registered or certified mail, return receipt requested, at your billing address and Sungevity's principal executive office, as applicable.

21. **Survival.** Sections 6.c.iv, 6.e, 6.f, 6.i, 6.j, 6.k, 15, 16, 17, 20, and each other provision that should reasonably be expected to survive expiration or termination of this Agreement will remain in full force and effect and survive the expiration or termination of this Agreement.
22. **Notices.** Any notice required or given under this Agreement must be in writing and delivered either by personal delivery, overnight courier, facsimile transmission, electronic mail, certified mail or registered mail, return receipt requested. Notices will be deemed received either (a) upon personal delivery, (b) acknowledgment of receipt of electronic transmission, (c) the promised delivery date after deposit with overnight courier, or (d) five (5) days after deposit in the mail. Notices may be delivered either to the address listed in this Agreement or any other address specified in writing. Documents received electronically shall be deemed an original document.
23. **Other Rights.** The state in which the Property is located may provide you with additional rights or impose additional responsibilities on us, including disclosure responsibilities. Any such rights or disclosures are attached to this Agreement as Exhibit 2.

**[Signatures appear on last page after Exhibits]**



**Exhibit 1 (Customer Copy)**

**NOTICE OF CANCELLATION  
STATUTORILY-REQUIRED LANGUAGE  
(Cal. Civil Code § 1689.7(c))**

"Notice of Cancellation"

In the following notice, Sungevity Development, LLC is referred to as the "seller":

Date of Transaction: The date of the Property Owner's signature as indicated in the signature block on the Lease (either handwritten for paper signatures or typed for electronic signatures).

You may cancel this transaction, without any penalty or obligation, within three (3) business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to Sungevity Development, LLC, 66 Franklin Street, Suite 310, Oakland, CA 94607 not later than midnight of the third (3rd) business day after the Date of Transaction.

I, \_\_\_\_\_ [Name], hereby cancel this transaction on \_\_\_\_\_ [Date].

Property Owner/Lessee's Signature:

\_\_\_\_\_



**Exhibit 1 (Sungevity Copy)**

**NOTICE OF CANCELLATION  
STATUTORILY-REQUIRED LANGUAGE  
(Cal. Civil Code § 1689.7(c))**

"Notice of Cancellation"

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I, \_\_\_\_\_ [Name], hereby cancel this transaction on \_\_\_\_\_ [Date].

Property Owner/Lessee's Signature:

\_\_\_\_\_



**Exhibit 2**  
**Location-Specific Terms & Conditions**  
**California**

**A. Contractor's License Number**

Sungevity, Inc. is licensed by the Contractors State License Board (CSLB), License No. C-909236 with a B (General Contractor), C-10 (Electrician) and a C-46 (solar specialty) license.

**B. Tax Credits; Rebates**

Sungevity will claim certain incentives and tax benefits available with respect to the System, including (a) depreciation deductions, investment tax credits and any cash grant in lieu of investment tax credits and (b) any utility rebates (including performance based incentives)(all the above collectively the "Tax Benefits"). You agree to cooperate with us so we may apply for or claim any such incentives and benefits. Cooperation may include your filing or consent to filing applications with the federal, state or local government or a local utility and assigning these benefits to us. You agree not to claim any tax benefit, grant or other incentive that the owner of a solar system might be able to claim except for renewable energy credits or similar environmental attributes associated with the electricity output from the System, title to which shall specifically vest with and be owned by you or, if required by the applicable utility rebate program in order for us to receive any portion of the utility rebate amount, with that utility. You also agree not to hinder our ability to claim any of these tax benefits, grants or other incentives. The applicable utility rebate program may require us to submit a signed copy of this Agreement, which we will arrange, and if we make any changes to the terms of this Agreement with you, we will submit an updated copy, signed by you, to the utility.

**C. Environmental Incentives Recapture Period**

The first twenty (20) years after the Installation Date.

**D. Solar Energy Equipment System Lease Disclosure**

This Solar Energy Equipment Lease Disclosure is given to you by Sungevity Development, LLC ("**Sungevity**") under Section 2869(a)(1) of the California Public Utilities Code. You have entered into a Lease Agreement For Photovoltaic Solar Energy Equipment with Sungevity, by which Sungevity (or its successor in interest) will lease you solar energy equipment described more particularly in the Lease (the "**System**"). This document answers some important questions you may have regarding the terms of the Lease.

**THE ANSWERS TO THESE QUESTIONS ARE NOT INTENDED TO ANSWER ALL QUESTIONS YOU MAY HAVE ABOUT THE LEASE AND ONLY SUMMARIZE TERMS OF THE LEASE. PLEASE READ THE TERMS OF THE LEASE CAREFULLY, AS THE TERMS OF THE LEASE, AND NOT THIS DISCLOSURE, WILL LEGALLY BIND YOU AND GOVERN YOUR RELATIONSHIP WITH THE LESSOR. IN THE EVENT THIS DISCLOSURE IS INACCURATE OR INCONSISTENT WITH THE LEASE, THE TERMS OF THE LEASE ARE CONTROLLING.**

1. **How much energy will the System generate?** Sungevity estimates that 125762 kWh of electric energy will be delivered over the Initial Lease Term. Sungevity has provided you a limited output guaranty in the Performance Guarantee and Limited Warranty Agreement that accompanies the Lease (the "**Limited Warranty**"). The Limited Warranty describes the details of the output guaranty. Note that the Lease may be assigned by Sungevity and in such case, the Limited Warranty may remain with Sungevity and not be assigned to the new lessor.
2. **How does Lease pricing work?** Generally, the Lease requires you to make monthly payments that escalate every year. Specifically, the pricing under the Lease is as follows:



(a) Amount Due at Lease Signing or Delivery:	(b) Monthly Payments (taxes not included):	(c) Other Charges: (not part of the Monthly Payments)	(d) Total of Payments: (The amount you will have paid by the end of the Initial Lease Term of this Agreement)
\$0.00	<p>If the Interconnection Date (defined as the date that the System is fully operational and inter-connected to the electrical grid) is between the 1st and the 15th day of the month, your first Monthly Payment of \$75.68 is due on the 1st day of the calendar month following the Interconnection Date and subsequent Monthly Payments are due on the 1st day of each calendar month thereafter; or, if the Interconnection Date is between the 16th day and the last day of the month, then your first Monthly Payment of \$75.68 is due on the 15th day of the calendar month following the Interconnection Date and subsequent Monthly Payments are due on the 15th day of each calendar month thereafter.</p> <p>This first Monthly Payment covers the first full calendar month of the Lease Term; it is followed by:</p> <p>11 Monthly Payments of \$75.68 each, followed by                      12 Monthly Payments of \$77.87 each, followed by                      12 Monthly Payments of \$80.13 each, followed by                      12 Monthly Payments of \$82.46 each, followed by                      12 Monthly Payments of \$84.85 each, followed by                      12 Monthly Payments of \$87.31 each, followed by                      12 Monthly Payments of \$89.84 each, followed by                      12 Monthly Payments of \$92.45 each, followed by                      12 Monthly Payments of \$95.13 each, followed by                      12 Monthly Payments of \$97.89 each, followed by                      12 Monthly Payments of \$100.72 each, followed by                      12 Monthly Payments of \$103.65 each, followed by                      12 Monthly Payments of \$106.65 each, followed by                      12 Monthly Payments of \$109.74 each, followed by                      12 Monthly Payments of \$112.93 each, followed by                      12 Monthly Payments of \$116.20 each, followed by                      12 Monthly Payments of \$119.57 each, followed by                      12 Monthly Payments of \$123.04 each, followed by                      12 Monthly Payments of \$126.61 each, followed by                      12 Monthly Payments of \$130.28 each.</p> <p>The total amount of Monthly Payments for the Initial Lease Term will be \$24,155.89.                      The Monthly Payment schedule above incorporates an annual increase at a rate of 2.9% applied to each full year of the Initial Lease Term (the "Annual Increase Rate").</p>	None.	\$24,155.89 (total of Monthly Payments, and any other amounts specified in this Section 5; <b>does                      not include any                      additional                      installation cost                      or taxes)</b>

The estimated price per kWh during the Initial Lease Term is \$0.19

- How will the System be maintained and operated?** As the lessee of the System, you are primarily obligated to maintain and repair the System. If maintenance or operation services are required, you must retain Sungevity to perform all maintenance and operation of the System. If the Limited Warranty indicates that Sungevity is obligated to perform an item of maintenance or operation, that item will be performed by Sungevity at its cost. If the Limited Warranty does not require Sungevity to perform an item of maintenance or operation, you must perform it at your sole cost and expense. Because the System is on your property you must ensure the System is protected against destruction, damage or theft unless Sungevity or the lessor causes that circumstance.



4. **What if I sell my home?** If you sell your home you have four (4) options:
- a. you can assign the Lease to the new homeowner, but you can only elect this option if the new homeowner meets the lessor's credit requirements, as lessor determines them from time to time. If this option is selected the new homeowner will need to sign a transfer agreement;
  - b. you can pay everything you owe under the Lease at the time of assignment and everything you will owe under the Lease in the future (discounted to present value at a 5% rate) and assign the Lease to the new homeowner. If this option is selected the new homeowner will need to sign a transfer agreement;
  - c. you can have the system removed under the terms of the Limited Warranty if you pay everything you owe under the Lease at the time of assignment, everything you will owe under the Lease in the future (discounted to present value at a 5% rate), and an amount to compensate the lessor for the loss or recapture of tax and other incentives if the sale of the house is prior to the end of the Environmental Incentives Recapture Period; or
  - d. you can purchase the System by paying everything you owe under the Lease at the time of assignment, everything you will owe under the Lease in the future (discounted to present value at a 5% rate), an amount to compensate the lessor for the loss or recapture of tax and other incentives, the price of the end of term purchase option (discounted to present value at a 5% rate) and any applicable sales or use taxes.

in each of the above cases, your remaining obligations under the Lease will cease.

If you sell your home and do not elect one of the above options then you will be in default under the Lease and the lessor will be entitled to do one or more of the following:

1. terminate the Lease;
2. take court action against you to compel you to perform your obligations and/or collect damages;
3. take action to correct or cover your default;
4. repossess the System through self help as permitted by law;
5. terminate your purchase option on the System;
6. collect from you everything you owe under the Lease at the time of default, everything you will owe under the Lease in the future (discounted to present value at a 5% rate), an amount to compensate the lessor for the loss or recapture of tax and other incentives, the price of the end of term purchase option (discounted to present value at a 5% rate) and any applicable sales or use taxes
7. pursue any other available legal remedies for breach of the Lease; and
8. recover from you the expenses of taking any of the foregoing actions.



5. **What happens at the end of the Lease?** At the end of the Initial Lease Term there are five (5) possibilities:
- a. If you are not in default under the Lease you can exercise your right to buy the System for fair market value;
  - b. If you are not in default under the Lease you can extend the term for one (1) or more additional five (5) year terms (provided that all such lease extensions, when combined with the Initial Lease Term, cannot exceed a total of 25 years) in which case the rental payments will be adjusted to fair market rental value each time the term is extended. The lessor will send you extension forms within three (3) months of expiration and, if you want to extend the term, you must execute the extension papers at least one (1) month prior to the end of the Lease;
  - c. If you haven't bought the System or extended the term, the lessor may remove the System within ninety (90) days from the end of the Lease. If you are in default under this Agreement at the end of the Lease you must pay the reasonable removal costs and expenses;
  - d. If you haven't bought the System or extended the term, you are not in default under the Lease and the lessor has not elected to remove the System, you can have Sungevity remove it under the Limited Warranty by a request made within ninety (90) days of the end of the Lease;
  - e. If the term is not extended, you don't buy the System and neither you nor the lessor elects to remove the System, then the System will automatically be transferred to you and you will own the System.





**Entire Agreement; Amendment; Waiver** . This Agreement contains the entire agreement and understanding between the parties to this Agreement relating to the lease of the System and supersedes any prior or contemporaneous agreement, either written or verbal. Any changes or amendments to, or waivers of, any provisions of this Agreement will only be effective if they are in writing and signed by both you and us. Our failure at any time to require strict performance by you or any of the provisions of this Agreement will not waive or diminish our right thereafter to demand strict compliance by you of that provision or of any other provision of this Agreement. If any provision of this Agreement is determined to be unenforceable, the remaining provisions shall be enforced in accordance with their terms or shall be interpreted so as to make them enforceable.

In the following notice, you, the lessee, are referred to as the "buyer" and we, the Lessor, are referred to as the "seller":

**Notice of Right to Cancel**. YOU, THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT.

This notice (a) must be given in writing to Sungevity at our address listed at the beginning of this Agreement and (b) unless otherwise specified by State law, must be actually received by us within the time specified in the preceding sentence. IF THE SYSTEM IS INSTALLED IN A STATE THAT REQUIRES A STATUTORY FORM OF NOTICE OF CANCELLATION, IT IS ATTACHED AS EXHIBIT 1. .

**Additional Rights to Cancel**. In addition to any rights you have to cancel this Agreement listed in the Notice of Right to Cancel (above) or in Section 18(b), you may also cancel this Agreement under the following circumstances upon payment of the following amounts:

- After home visit, prior to design: \$500
- After design, prior to permit: \$2,500
- After permit, prior to installation: \$2,500 plus permitting costs

If we determine that we cannot install per the conditions stipulated in Section 7, or you are within the three day right of rescission as noted in the Notice of Right to Cancel above, there will be no cancellation charge.

**DO NOT SIGN THIS CONTRACT IF THERE ARE ANY BLANK SPACES (OTHER THAN SIGNATURE BLOCKS)**

I have read this Agreement and the Exhibits in their entirety and I acknowledge that I have received a complete copy of this Agreement.

**SUNGEVITY DEVELOPMENT, LLC**

DocuSigned by:  
By: William Pascoe  
65E6A65B22EB488...  
Title: Authorized Agent

Date: 4/14/2014

**Property Owner's Name:** Patti Gwathmey

DocuSigned by:  
Signature: Patti Gwathmey  
C1012AAF64E949C...  
Date: 4/4/2014