CALIFORNIA ASSOCIATION OF REALTORS®

SOLAR ADVISORY AND QUESTIONNAIRE

(C.A.R. Form SOLAR, Revised 12/25)

PINNACLE ESTATE PROPERTIES, INC.

ADVISORY

1. **SOLAR OWNERSHIP:** Solar power systems may be owned outright, owned with financing, owned with a lien or security interest on the real property, or leased. Many property owners who believe they own their solar power system may not have free and clear ownership of that system. Ownership could be subject to a deed of trust issued to secure a note financing the system or subject to a UCC-1 financing statement filed with the California Secretary of State. The solar power system financing may also be secured by an assessment against the real property that is collected through additional property tax payments for the period of financing (e.g., HERO or PACE). Because this type of financing appears on property tax statements, sellers may be unaware that the financing is secured by a lien on the property. Some owners obtain private lending to purchase a solar power system that is not secured by the real property or by the panels or other equipment attached to it. If the seller intends for these private loans to be paid off as part of a sale, terms may need to be added to the agreement to address this situation.

2. **SOLAR EQUIPMENT, LIENS, POWER PURCHASE AGREEMENTS, AND SOLAR LEASES:** If a solar power system is owned by the seller, the seller may have the right to remove the system or its components and install them on another property. If the system has been financed and the financing is secured by a lien on the property or the component parts, the seller should consult with the company about both the effect of removal of the system or its components on the lien and the consequence of any damage caused by the removal.

   If the solar power system is leased, the seller may be obligated to make fixed or scheduled monthly payments, or be required to purchase all, or a portion, of the solar power generated at an agreed contractual rate from the solar company who may be granted the right to sell any excess energy to the electrical provider company (e.g., PG&E) in accordance with the system's governing regulatory scheme. Payments under such an arrangement can vary depending on the amount of energy created and used.

   If the solar power system is leased, a buyer may be permitted to assume the terms of a solar lease but only with the approval of the solar company. Another lease clause may allow the purchase of the solar equipment prior to the end of the lease term or may allow the termination of the lease at cost with no retained ownership of the solar equipment (a "Buyout"). The lease may also contain a clause enabling the purchase of the equipment or the termination of the lease without any pre-agreed cost; in those cases, the cost will be an appraised value determined by the solar company.

   Even a leased solar power system may have security interests attached, such as a UCC-1 or fixture filing document recorded in the county where the property is located. In some cases, the lender or lien holder may agree to allow the solar lien to subordinate to, or become secondary to, a new purchase loan. However, in many cases, the holder of the security interest will not release the priority of its security interest which means that the solar loan must either be paid off when the property is sold or that any buyer must purchase without obtaining any new financing.

3. **ADVERTISING MATERIAL:** All parties are advised that information posted in the Multiple Listing Service ("MLS") or other advertisements that are used to list and market a property for sale do not create contractual agreements. Thus, it is imperative that buyers of property with a solar power system ("Solar Property") receive and carefully review copies of all documents, including any solar agreement, underlying security agreements for owned equipment, or any other material or documentation that the seller possesses prior to the buyer making any final decision regarding the solar power system. Buyers should not simply rely on the information in the MLS or any other advertising material.

4. **PURCHASE CONTRACT AND TRANSFER ISSUES:** The C.A.R. Purchase Agreements include a contingency for the review of leased or liened items and systems which gives the buyer a right to review any agreements or documents related to any solar power system and to properly evaluate all of the present and future terms and conditions, including the costs of accepting the existing solar power system. The default language provides that the system is being transferred, and the buyer has a contingency to determine whether the buyer is willing or able to assume any lease, lien, or other agreement. If the solar power system is not intended to be transferred with the property, the parties may need to modify the contract.

   If a leased or liened system is to be assumed by the buyer, the solar company may take steps to ensure its priority interest against the property and/or the buyer's lender may require a solar endorsement from the title company. If this occurs, escrow could be delayed. Buyers and sellers should be aware that because any buyout or assumption of a solar power system could impact closing escrow, they should consider including a provision in the purchase agreement to allow for the possible extension of the closing date to facilitate dealing with any problems that may arise because of the solar power system.

   Buyers and sellers need to investigate and understand the obligations involved with transferring the solar power system. This may require signing paperwork regarding the assumption or transfer of the lease or relating to the lien. Additionally, there may be financial obligations required either to facilitate and close escrow, or that will remain ongoing for the buyer after close of escrow. The seller may have prepaid the lease for a certain period of time, and the buyer will need to understand the obligations that remain under the terms of that lease or the ramifications at the end of the lease. There may be maintenance, power purchase, or other agreements, which could apply even when the seller owns the solar power system outright. When there are financial obligations, it is important to understand the timing of those obligations, and whether they will need to be satisfied prior to close of escrow, at close of escrow, or after close of escrow.

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5. **SOLAR EVALUATION, RECOMMENDATIONS, AND LEGAL ADVICE:** Real estate brokers and their agents are not qualified to evaluate the terms, conditions, and any security interests in a solar power system. They are also not qualified to determine the quality of solar equipment or the impact of any regulatory scheme on the ownership or use of solar equipment. Buyers and sellers of Solar Property should consider retaining the services of a solar photovoltaic system inspector if one is available in the area where the property is located.

   Brokers recommend that sellers and buyers of Solar Property exercise diligence in obtaining copies of any contracts, agreements, or other documents related to any possible solar power system security interests as soon as practicable so they can evaluate what needs to be done to facilitate a sale of the property. Sellers of Solar Property, prior to entering into a purchase agreement, should determine if a buyout or loan assumption is available and at what cost or terms so as to make full and complete disclosure to potential buyer and to avoid delays in closing escrow.

   Whether or not a solar photovoltaic system inspector is used, buyers and sellers should consult with a qualified California real estate attorney prior to entering into any agreement to purchase or sell Solar Property. That attorney should evaluate the existing solar documentation and properly craft language to be included in the purchase agreement that will best protect the interests of their clients. Real estate brokers and their agents are allowed to prepare standard real estate transaction documents, but they are not qualified to create specialized contract language that may be needed to address the specific issues involved in any specific Solar Property.

QUESTIONNAIRE INSTRUCTIONS

1. **DISCLOSURE LIMITATION:** The following are representations made by Seller and are not the representations of the Agent(s), if any. These disclosures are not a warranty of any kind by Seller or any agent(s) and are not a substitute for any inspection, investigations, or warranties. Unless otherwise specified in writing, Broker and real estate licensee or other person working with or through Broker has not verified information provided by Seller. If Seller or Buyer wants legal advice, they should consult a qualified California real estate attorney.
2. **Note to Seller, PURPOSE:** This questionnaire informs Buyer about known material or significant items affecting the solar power system and helps eliminate misunderstandings about the solar power system.
   - **If the property has multiple solar power systems, use a separate Solar Questionnaire for each system. For example, if the property has two solar systems, Seller should complete two separate SOLAR forms - one for each system.**
   - Answer based on your actual knowledge and recollection at this time.
   - Something that you do not consider material or significant may be perceived differently by Buyer.
   - Think about what you would want to know if you were buying the Property today.
   - Read the questions carefully and take your time.
3. **Note to Buyer, PURPOSE:** To give you more information about known material facts or significant items affecting the solar power system; and to help to eliminate misunderstandings about the condition of the solar power system.
   - Something that may be material or significant to you may not be perceived the same way by Seller.
   - If something is important to you, put your concerns and questions into writing and send the written information to Seller.
   - Sellers can only disclose what they actually know. Seller may not know about all material or significant items.
   - Seller's disclosures are not a substitute for your own investigations, personal judgments, or common sense.
   - A "No" answer by Seller means Seller is not aware of the issue; it does not mean that the issue does not exist.
4. **SELLER AWARENESS:** For each statement starting with **paragraph 1** in the Solar Property Questionnaire section, below, answer the question "ARE YOU (SELLER) AWARE OF..." by checking either "Yes" or "No." **A "Yes" answer is appropriate no matter how long ago the item being asked about happened or was documented, unless otherwise specified.** Explain any "Yes" answers in the space provided.

SOLAR PROPERTY QUESTIONNAIRE

1. **OWNERSHIP TYPE AND INFORMATION:** **ARE YOU (SELLER) AWARE OF...**
   - **A.** Are you aware of whether the property has multiple solar power systems? **(If Yes, use a separate Solar Questionnaire to answer the questions in paragraphs 1-5 for each system.)** ☐ Yes ☑ No
   - **B.** The solar power system is: ☐ Owned; ☐ Leased; ☑ Other Owned by Vivant Solar **(If solar power system is owned, provide answers to paragraph 4 below. If solar power system is leased, provide answers to paragraph 5 below.)**
   - **C.** Approximate age of the solar power system? 13 years or ☐ Unknown
   - **D.** Name of the installation company? Vivant Solar Developer, LLC or ☐ Unknown
2. **DOCUMENTS:** **ARE YOU (SELLER) AWARE OF...**
   Any information, leases, warranties, maintenance or other agreements, reports, inspections, receipts or other documents (regardless of the date prepared) pertaining to the solar power system? ☑ Yes ☐ No
   Note: If Yes, provide any such documents in your possession to Buyer.
   Explanation: See 2013 Residential Power Purchase Agreement; Notice of an Independent Solar Energy Producer Contract; Permit; S.Cal Edison Permission to Operate; Specs & Related Docs; Transfer Agmt; 2015 Escrow Amendment
3. **GENERAL QUESTIONS BASED ON SELLER'S KNOWLEDGE:** **ARE YOU (SELLER) AWARE OF...**
   - **A.** Whether the solar power system provides power for only a portion of the property? ☐ Yes ☑ No
   - **B.** Whether the house/system is connected to a utility service? ☑ Yes ☐ No
     - (1) If Yes to **3B**, what was the date of installation and connection to service? 2013
     - (2) If Yes to **3B**, does the connection have net energy metering? ☑ Yes ☐ No
       - (A) If Yes to **3B(2)**, what tier or rate is related to the net energy metering? $0.15/kw + annual increases
       - (B) If Yes to **3B(2)**, is there an annual true-up bill from the power company? ☑ Yes ☐ No
         If Yes to **3B(2)(B)**, what is the approximate bill amount? $ not sure
   - **C.** Whether there is a battery bank or power wall that enables the system to run independent of a utility service (off-grid)? ☐ Yes ☑ No

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EQUAL HOUSING OPPORTUNITY

Nancy Wood

D. Whether any portion of the system is installed anywhere other than the roof? ☑ Yes ☐ No
(1) If Yes to **3D**, where is the system located? PVC conduit from junction box on roof to electric panel/meter on side of house - see drawing 5
(2) If No to **3D**, how is the system attached to the roof (on top of the roofing material, to the structure, was any roofing material removed or replaced to install the system)? See Drawing 5

E. Whether there is any transfer fee or any other fee for change of ownership, regardless of whether the solar power system is owned, leased, or subject to a power purchase agreement? ☐ Yes ☑ No
F. Whether there is a maintenance agreement for the solar power system? See Agreement & Docs ☐ Yes ☑ No
G. Whether there is a warranty that covers the solar power system? See Agreement & Docs ☐ Yes ☑ No
If Yes to **3G**, is the warranty transferable? See Agreement & Docs ☐ Yes ☑ No
H. Material facts or information (provide details and specifics about the system including, but not limited to, the number of panels, kilowatt size, type of inverter) related to the solar power system? 15 KW, 37 panels, See Agmt. & Docs ☑ Yes ☐ No
I. Other Obligations, Agreements, or Fees? ☐ Yes ☑ No
Explanation: _____

4. ☐ **SOLAR POWER SYSTEM IS OWNED AND CONVEYING WITH THE PROPERTY:** **ARE YOU (SELLER) AWARE OF...**
A. Whether the system still has a balance due on any financing? ☐ Yes ☑ No
(1) If Yes to **4A**, what is the balance? $ _____
(2) If Yes to **4A**, what is the monthly payment due on the financing? $ _____
(3) If Yes to **4A**, is it secured by an interest on title? ☐ Yes ☐ No
(4) If Yes to **4A**, is the loan transferable to or assumable by Buyer? ☐ Yes ☐ No
NOTE: if financing for the solar power system is not secured on title, the agreement may have to be amended for Buyer to be responsible for the balance.
B. Whether there is any other type of lien or encumbrance on title, on a property tax bill or otherwise? ☐ Yes ☑ No
C. Whether there is a power purchase agreement (if Yes, complete **paragraph 5** below)? ☑ Yes ☐ No
Explanation: See Agreement

5. ☑ **SOLAR POWER SYSTEM IS SUBJECT TO:** ☐ **A LEASE;** ☑ **A POWER PURCHASE AGREEMENT ("PPA") (Check all that apply. If both, provide answers/explanations for both categories.)** **ARE YOU (SELLER) AWARE OF...**
A. The name of the company with the lease or power purchase agreement? ☑ Yes ☐ No
If Yes to **5A**, what is the name(s)?
Lease: _____ PPA: Vivint Solar Developer, LLC
B. The year that the agreement(s) expires? ☑ Yes ☐ No
If Yes to **5B**, what is the expiration year(s)? ~~2033~~ (if PPA, 2033)
C. The current monthly solar payments? ☐ Yes ☑ No
If Yes to **5C**, what is the amount? $ _____ (if PPA, $ N/A)
D. Whether the payment amounts vary from the amount provided in **5C** (If Yes, explain how the payments are structured in the future)? ☑ Yes ☐ No
Lease: _____ PPA: See Energy Rate in Agreement
E. Whether the lease or PPA is transferrable to or assumable by Buyer?
(1) Lease ☐ Yes ☐ No ☑ N/A
(2) PPA ☑ Yes ☐ No ☐ N/A
F. Whether the solar power system will be owned at the end of the agreement? ☐ Yes ☑ No
(1) If No to **5F**, can the equipment be purchased? ☑ Yes ☐ No
(2) If Yes to **5F(1)**, what is the estimated amount that would be due? $ FMV at time per appraisal
Explanation: Can opt to renew agreement, or have them remove equipment at no cost - See Agreement.

Seller acknowledges that Seller has read, understands and has received a copy of this Solar Advisory and Questionnaire, and Seller represents that Seller has provided the answers and, if any, explanations and comments on this form and any attached addenda and that such information is true and correct to the best of Seller's knowledge as of the date signed by Seller.

Seller _____ Steven N. H. Wood Date _____
Seller _____ Nancy E. Bragunier Wood and Charles E. Bragunier Date _____

Buyer acknowledges that Buyer has read, understands and has received a copy of this Solar Advisory and Questionnaire.

Buyer _____ Date _____
Buyer _____ Date _____

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