

CONFIDENTIAL HOMEOWNER REPORT

The 2026 Solar Risk Mitigation Report

The insider's guide to avoiding the 5 most common industry pitfalls, protecting your home equity, and securing maximum federal incentives.

PREPARED FOR
The Homeowner

PROVIDED BY
Solar Incentive Qualify

The "Production Guarantee" Trap

The most painful complaint in the solar industry isn't that the panels break—it's that **they simply don't produce as much power as the salesperson promised.**

Many solar contracts include a "Performance Warranty," but this often only covers the *equipment's capability* to produce power in a factory lab, not the actual energy generated on your roof under real-world conditions (shade, dust, weather).



Figure 1: Accurate metering is your only defense against under-performance.

⚠ The Red Flag

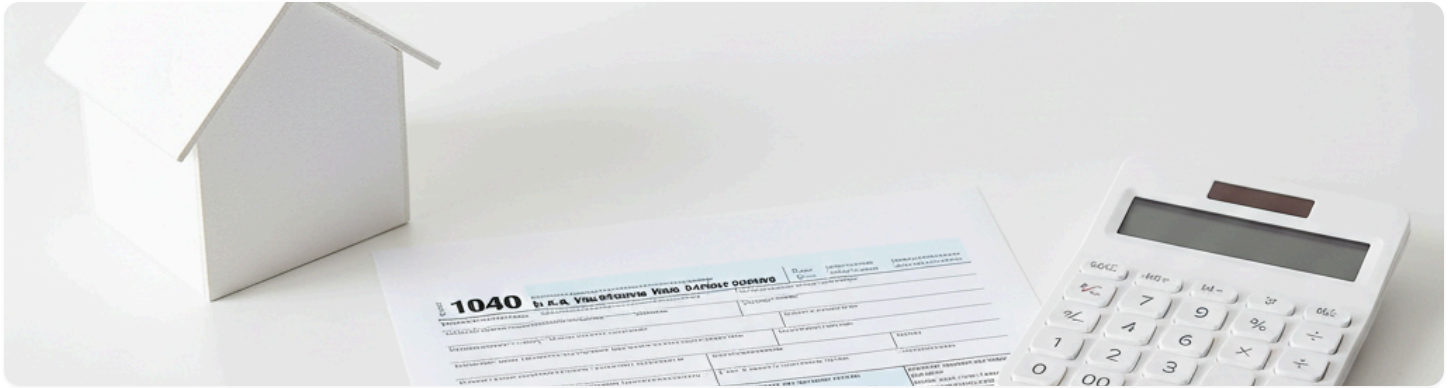
Avoid any contract that only mentions "Manufacturer Warranty" without a separate "Production Guarantee." If your system under-produces, a manufacturer warranty won't pay your electric bill—a Production Guarantee will.

The Homeowner's Fix

Demanding a **Production Guarantee** ensures the installer is on the hook for the math.

- ✓ **Ask:** "Does your contract include a production guarantee or cash reimbursement if the system produces less than the estimated output? Many quality contracts guarantee at least 90% of estimated production."
- ✓ **Verify:** Look for the term "Performance Guarantee" or "Production Guarantee" in the Master Agreement.

The 30% Tax Credit Reality Check



The Federal Investment Tax Credit (ITC) is the single biggest driver of solar ROI, covering 30% of your system cost. However, it is widely misunderstood.

It IS...

A dollar-for-dollar reduction of the federal income taxes you owe.

It is NOT...

A rebate check that the government mails you. If you pay \$0 in federal taxes, you get \$0.

How to "Bridge the Gap"

Many solar loans are structured assuming you will pay down the loan by 30% within 18 months (using your tax refund). If you don't, your monthly payment often **increases**. *Note: Loan terms vary by lender, so always check your specific agreement.*

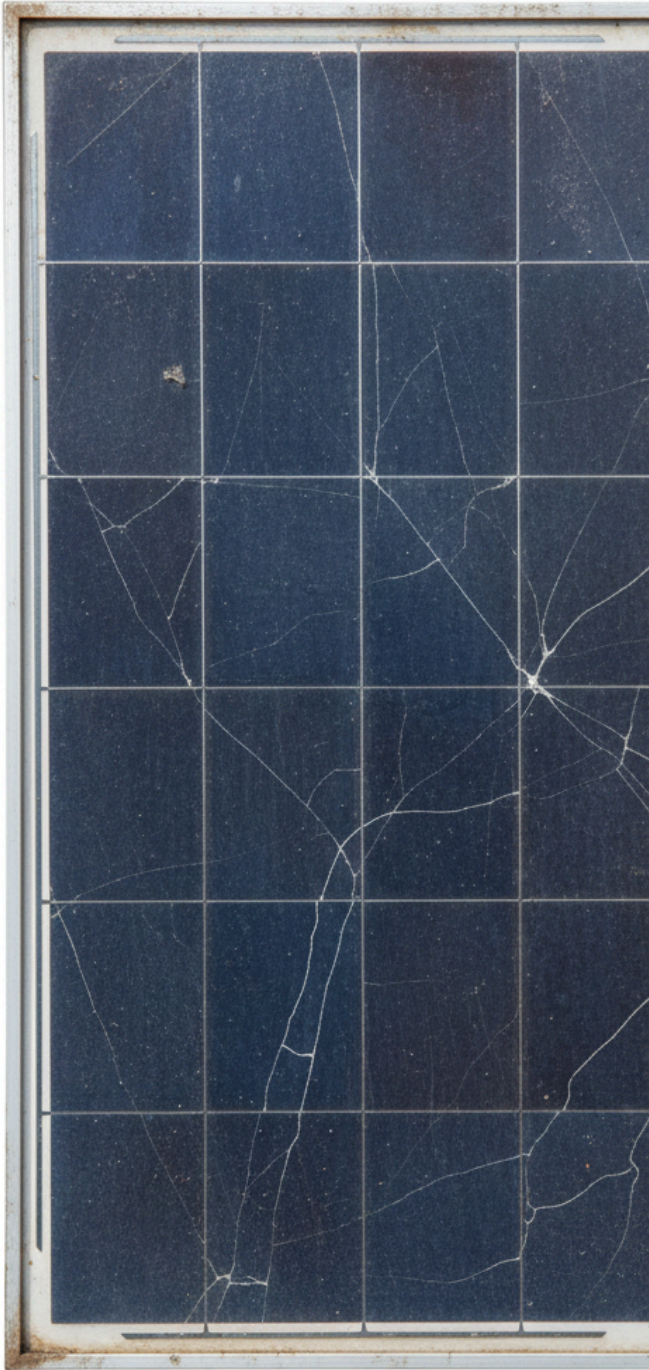
💡 The "Re-Amortization" Clause

Check your loan agreement for the "Voluntary Prepayment Date" (usually Month 18).

The Strategy:

1. Confirm your federal tax liability (Line 24 on Form 1040) is > \$0.
2. File IRS Form 5695 with your taxes.
3. Take the refund and pay it into your solar loan *before* month 18 to keep your payment low.

Tier 1 vs. "Grey Market" Panels



Generic "Tier 2"



Premium "Tier 1"

Not all solar panels are created equal. "Tier 1" is a bankability ranking, but you should care more about **degradation rates**. Cheap panels degrade by 0.7% - 0.9% per year. Premium panels degrade by only 0.25% - 0.4%.

The Hidden "Dealer Fee"



This is the industry's best-kept secret. If you see an interest rate of **3.99%** or **4.99%** in a high-interest economy (where mortgage rates are 7%+), you are paying points upfront.

Many solar lenders charge a "Dealer Fee" (or "Origination Fee") of **25% to 35%** added to the cash price of the system to buy down that rate. *Note: Dealer fees vary by lender and market conditions.*

Example: A \$30,000 system might become a \$40,000 loan to get a "low" interest rate.

The "Cash Price" Test

Always ask every installer:

"What is the cash price if I write you a check today?"

If the cash price is \$10,000 lower than the financed price, that difference is the dealer fee. You might be better off getting a HELOC or Home Equity Loan at a higher rate but on a much lower principal amount.

Your Vetting Checklist

Print this page and use it when you speak to your local installer.

☐ **Do you sub-contract the installation?**

Ideally, you want "in-house" crews. If they sub-contract, ask who the electrical contractor is.

☐ **What is the Year-1 Production Guarantee?**

Look for a specific kWh number in the contract, not just "estimated."

☐ **What is the Cash Price vs. Financed Price?**

Ensure you aren't paying hidden dealer fees. Many loans include 25-35% dealer fees, though this varies by lender.

☐ **How long have you been in business?**

Solar "orphans" happen when installers go bankrupt. Look for 5+ years.

☐ **Will you file the interconnection paperwork?**

Ensure they handle the "Permission to Operate" (PTO) with your utility.

Ready to get quotes?

Use this checklist to screen installers and find the best match for your needs.

This guide is provided by Solar Incentive Qualify, an independent educational resource.