

GUIDE FOR RESIDENTIAL SOLAR INSTALLERS

Helping Customers with Solar & Storage Financing Options After 2025

With the Section 25D tax credit having expired at the end of 2025, residential solar companies may be looking to add alternative financing options for their customers. Tried and true financing options remain and some may become less complex without the tax credit, while **third-party ownership (TPO)** offers a way to continue to benefit from tax credits for residential customers who choose to lease.

As a residential installer, if you choose to work with a TPO provider, **the final section of this document includes questions you will want to ask prior to engaging.** This document offers a summary of options for installers planning for business in 2026 and beyond.¹

Prospective solar customers can see [SEIA's consumer financing guide here](#).

| FINANCING OPTIONS | |
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| Cash | <p>Customers will still have the ability to pay cash outright, offering the simplest transactions for both customer and installer but only feasible for customers able to afford the upfront cost without financing.</p> |
| Loans | <p>Home equity line of credit (HELOC) loans have been around for decades and are used by homeowners to finance all types of home improvement projects. HELOCs simply use home equity as collateral to secure attractive financing terms for a loan. The customer finds a bank or credit union and comparison shops for terms based on expected size of the loan (whatever is needed in excess of the cash the customer expects to pay out of pocket).</p> <p>Installers looking to help customers with HELOCs should familiarize themselves with banks and credit unions in their area and be prepared to share a list of options with prospective customers.</p> |
| Solar-Specific Loans (Secured and Unsecured) | <p>Solar loan providers who have worked with installers and their customers to provide loans specifically for solar financing continue to operate now that 25D is expired and solar loans remain available. With the expiration of the 25D tax credit, the complexity of the customer making a large payment equal to the tax credit to maintain a discounted loan payment is now eliminated.</p> <p>Installers continuing to rely on customers using solar loans should ask their loan provider partners how their origination process works, what fees are involved, how cash disbursements are handled, loan terms and when customers must begin repayment. Some solar loan providers charge “dealer fees” that increase the cost to the buyer over the otherwise applicable cash price. Other lenders have different options for term length, ranging all the way to 30 years to match a home mortgage.</p> <p>Ask your provider to provide details on all such issues so you can determine which lending products you're most comfortable recommending to your customers.</p> |

Questions for Residential Installers to Ask to Vet a TPO

If you are a residential installer and are considering engaging with a TPO provider, there are questions you should ask in order to **protect your business** and to ensure the best possible working arrangement. The list below is intended as a starting point to help installers get started doing diligence on prospective TPO providers; however, installers may find that additional questions arise after seeking professional tax and legal advice.

The questions are geared towards helping you understand the business model of your TPO provider, their level of experience and reliability. There are many ways TPO providers can take excessive risk which may put you at risk as well. Your goal should be to **partner with a reliable partner** that offers efficient access to a reasonably priced product that also protects the homeowner.

1

Capital Availability & Risk Exposure

- What is your experience raising tax capital? Do you use tax equity partnerships or ITC transfers?
- Do you put a cap on how much higher the appraised value (FMV) of the system can be relative to the hard cost? If so, what is the cap?
- Can you share the name of the appraisal firm you use?
- Do you have a debt facility and have you done any securitizations?
- Who is your equity provider and do they have experience in this market?
- Are they long term owners or simple intermediaries, i.e. do they have skin in the game and are they aligned with the customer long term?
- Do you have internal systems in place for monitoring domestic content and Foreign Entity of Concern (FEOC) compliance? Are you using third party providers to assist in that monitoring? Who are they and how much experience and expertise do they have?

2

Savings Requirements

- Do you require a saving policy to protect the customer?
- If so, how do you enforce that?
- Does that change if we are installing a solar +BESS system?

3

Payment Terms & Structure

- How will you pay me for the Asset? Will you pay for any of my working capital?
- Do you offer a prepaid TPO product? If so, do you allow lenders to finance the prepayment?
- If you have made all your profit upfront in the prepaid TPO product who stands behind the long-term cost of servicing the Asset for the customer?

¹ The list of options included herein is for informational purposes only and may not represent a comprehensive or exhaustive listing of all available options. Inclusion in this list does not constitute an endorsement or recommendation by the Solar Energy Industries Association (SEIA). SEIA makes no representations, warranties, or guarantees regarding the quality, reliability, or performance of the services provided by any listed company. Users are encouraged to conduct their own due diligence before engaging with any provider.