



# Solar Panel Purchasing

Consumer Protection Division  
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## BUYING SOLAR PANELS FOR YOUR HOME

Very exciting! But also, very expensive. Before tax incentives, average cost of solar panel installation for a 2,000 sq.ft. home is between \$18-\$20,000. These days, most solar panel installations are purchased through financing agreements.

Here are some of the ways you can purchase solar:

- Cash
  - Just what it sounds like – paying cash.
  - Pro: you own it outright
  - Con: it's expensive.
- Solar Loans (either secured or unsecured)
  - Secured: uses some form of collateral (typically your home) - generally lower rates.
  - Unsecured: usually uses the solar system itself as the collateral – generally requires a higher credit score and presents with higher rates.
  - Pro: you own the system (provided you keep making payments)
  - Con: High interest rates and risk of collateral.
- Cash-Out Refinance or Home Equity Line of Credit (HELOC)
  - Borrowing against your home equity.
  - Pro: you're considered the owner of the system and, generally, these have lower interest rates.
  - Cons: Defaulting may result in losing your home.

- Solar Leases or Power Purchase Agreements (PPA)
  - Lease program – allows for use, but not ownership, of the system.
  - PPA – usually involved a third-party developer or solar provider to install, own, and maintain the system on the homeowner's property.
  - Pro: Little to no money down! Also, not a bad option for those staying in their current residence long-term.
  - Con: Monthly payments do not go to owning the system. Also, renting or leasing does not make you eligible to receive solar energy tax credits. Lastly, usually very long terms (15 to 25 years).
- Make sure you make the best choice for you and your home.

## WHAT TO LOOK OUT FOR

- Most of rooftop solar sales are conducted door-to-door. This means that you're likely to encounter high-pressure sales tactics. Resist the temptation to say yes right then and there.
- Be wary of time-sensitive deals. Deadlines to receive tax-benefits are one thing, promotions are another. Watch out for sales tactics that pressure you into committing to a contract immediately.
- Remember! A solar panel company employee or representative cannot provide tax information unless they possess an IRS Preparer Tax Identification Number (PTIN).



- Be sure to check whether the company employee or representative has the correct credentials with the Directory of Federal Tax Return Preparers with Credentials and Select Qualifications.
- Sometimes, solar salespersons will impersonate your local government, utility, or other entity. This is illegal.

## KNOW YOUR RIGHTS

Remember, you have the right to say no, no matter how pushy someone is being in trying to sell you solar. You do not have to provide a reason or an excuse, and you do not have to respond to repeated texts, emails, or phone calls. **If you still receive unwanted solicitation after stating that you're not interested, please contact an attorney or law enforcement as necessary.**

If the transaction was solicited in a door-to-door sale, you have the right to cancel within three days of signing the agreement.

You have the right to see and read the contract, in full, and ask questions before you sign. In fact, you should read every contract that you sign, no matter how long it takes.

You also have the right to receive a copy of the contract immediately upon signing – not later.

- In reading the contract, pay attention to specific terms and rights therein. For example, you may have the right to cancel the contract if financing isn't approved. Be very careful of terms that waive your right to dispute the contract in court and mandate arbitration.
- Throughout solicitation, consultation, and signing a contract, take notes! This information may help later if the contract or deal is bad.

## IF YOU'RE STUCK IN A BAD DEAL

If you suspect you're in a bad contract or deal, be proactive! Start by talking to the solar company about the issues and make sure that you document or save **everything**. No communication, email, or phone call is unimportant when you're disputing your concerns. If the solar company isn't responsive to your concerns, file a complaint with relevant consumer protection authorities, including:

- Federal Trade Commission
- Department of Justice
- Local Attorneys General Office
- Better Business Bureau

If you still haven't gotten a resolution of the issue, take your concerns to a local attorney or legal services department. They may have the resources to help you or take your case.

## SOURCES

- 1 How Much Do Solar Panels Cost? (2024 Installation Prices) (solarreviews.com)
- 2 Solar Financing Guide: How to Pay for Solar – Forbes Home
- 3 Smart Shopping Tips for Solar | Department of Energy
- 4 Solar Scams You Should Know About – Forbes Home
- 5 Choosing a Tax Professional | Internal Revenue Service (irs.gov)

