

Solar panels could lead to mortgage rejection

The installation of free solar panels on homes could cause problems for buyers and sellers, warn Westcountry **team** estate agents.

Those who pay for their solar panels and to have them installed enjoy all the benefits of generating their own energy and cutting their electricity bill as well as reducing their carbon footprint and creating an income by getting paid for the energy they produce. The property needs an Energy Performance rating of Grade D or above to qualify for the full payments and the feed-in tariff is falling so the estate agents advise anyone considering solar panels to do some thorough research before going ahead.



However, the potential problems relate to those who have solar panels installed on a 'free' arrangement whereby the solar power company effectively leases the roof, usually on a 25 year agreement. In return for the use of the roof, the homeowner gets to use some of the electricity generated by the panels, albeit only for the time the panels are actually generating energy but thus reducing their electricity bill.

There have been concerns among lenders that such lease agreements may result in poor levels of maintenance as well as a reduction in the value of the homes.

Research by Andrew Moir, Independent Financial Adviser with Tom French & Associates Ltd, based in Saltash **team** agent Hennings Moir, confirms that transactions involving properties subject to the lease agreements may be delayed for the new mortgage lender to establish answers to further legal questioning; some lenders have produced their own list of 'approved' suppliers and others simply will not offer mortgages on these properties.

Homeowners must also be aware that the installation of solar panels requires consent from the existing mortgage lender of the property as well as planning permission and building regulations approval.

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Andy Moir, said: “I have been in touch with a great number of lenders to establish their policy on this particular issue. If homeowners own their panels there are various benefits including making a difference to the environment and improving the Energy Performance rating of the property as well as generating an income from it, making the property more desirable and possibly even increasing its value. The reaction from lenders on the ownership of the panels is extremely positive.



“However, those who had their panels installed for free could face problems. The CML (Council of Mortgage Lenders) and BSA (Building Societies Association) have jointly produced a document of ‘guidance and minimum requirements regarding leases of roofspace for fitting photovoltaic (solar) panels’ for the panel providers and the public, outlining lender’s minimum requirements. This document can be viewed at <http://www.cml.org.uk/cml/policy/issues/6229>.”

Steve Moir, chairman of Westcountry **team** and partner of Hennings Moir, added: “Those thinking of having solar panels installed for free should seriously consider their options and if they go ahead, all the necessary consents and approvals should certainly be obtained. Even those who own their home outright should consider the long term – 25 years is a long time and if they decide to sell their home in that timeframe, they could face problems.

“People looking to buy a home which has solar panels should establish with their estate agent whether the panels were paid for or fitted for free and if they are subject to a lease agreement, they should first consult their lender as to its policy on lending against properties with such arrangements. The last thing that anyone wants when buying or selling a home is delays and in worst case scenarios a potential mortgage refusal, so our message to anyone planning, with or looking to buy a home with free solar panels is to ‘be aware and be prepared’.”

There are more than 100 **team** estate agents across the Westcountry and hundreds nationwide, all working together to sell more homes for clients. For further information on Westcountry **team**, visit www.westcountryteam.com.



To find your local **team** estate agent for a no obligation market valuation or for plain and simple advice and guidance, check your local newspaper or visit the Westcountry **team** web site.

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Digital images are available from bubblepr@mac.com

Notes to editors:

Westcountry **team** is part of **team** Association, the largest organisation for independent estate agents in the UK. Over 100 **team** offices in the Westcountry and hundreds nationwide work together to sell property for clients. **team**'s 'blue sky' image, with transparent team logo on a blue sky background reflects the association's and each individual agent's commitment to providing a clear, transparent service to their clients and conducting business in a straightforward, honest and professional way.

For further information, please contact:

Samantha Boshier, Bubble Public Relations. Tel: 01869 248524. Mobile: 07957 364179. Email: bubblepr@mac.com