



In light of a recent increase in [consumer complaints](#) about rooftop solar sales and installations, NCLC offers these consumer protection recommendations.

Although rooftop solar can be beneficial for some households, it may only be financially feasible for low-income homeowners in states with deep installation subsidies and enforceable consumer protections. We recommend that these low-income consumers pursue [no-cost](#) or deeply [subsidized](#) rooftop solar programs that exist in some states or [community solar programs](#) that are designed to support the energy needs of low-income households.

Below, we list some of the reported problems and consumer risks of rooftop solar agreements and provide policy recommendations to address these concerns for all consumers.

ROOFTOP SOLAR ABUSES

- **Misrepresenting the availability of tax credits** to low-income homeowners who do not owe any taxes, leading to situations where the actual purchase price of a rooftop solar installation is two to three times the promised price, often resulting in unaffordable payments.
- **Promised energy savings not materializing or guaranteed**, potentially leaving homeowners with significantly higher energy costs and total monthly expenses often higher than before the solar transaction.
- **False sales pitches** saying "this is a government program" to imply that a rooftop solar installation is free or government-endorsed and therefore certified as a safe transaction.
- **No meaningful underwriting** to determine the homeowner's ability to afford financing.
- **Damage to the roof** during installation or placing panels on a roof that requires repair or replacement or is otherwise not suited for solar panels.
- **Using electronic records and electronic signatures to hide the terms and costs of the transactions**, which also deprives consumers of their state and federal rights to see the full terms of the contracts before signing and to cancel home solicitation sales as part of the three-day right to cancel.
- **Contracts, disclosures, and related documents not in "plain language" and not in the primary language** of the homeowner.
- **Fly-by-night contractors shutting down**, often leaving consumers with big finance contracts for inoperable products.
- **Impermissible credit pulls**, which harm consumer credit scores.
- **Fraud aimed at older consumers and homeowners with limited English proficiency**, leaving them more vulnerable to push marketing.

- **Over-hyping an initial year or short period of relatively low financing payments**, masking the higher bills consumers will owe for the remaining years.
- **Contracts that waive consumer rights and remedies**, limiting access to recourse when problems arise.
- **Misrepresentations about the cost for removal or transfer of panels**, leading consumers to believe they have future options that may not be available or affordable.
- **Incompatibility with low-income benefits programs**, leading to adverse impacts on Department of Housing and Urban Development (HUD) utility allowances and low-income benefits like Low Income Home Energy Assistance Program (LIHEAP).
- **Excessive and unnecessary fees**, including additional flat fees (beyond the monthly cost for the solar energy credited to the electric bill), late payment fees, termination fees, and sign-up fees.

POLICY RECOMMENDATIONS

Program Design

- **Prioritize free and low-cost programs.** Financed rooftop solar should not be marketed to low-income customers who can obtain the same measures at little or no cost through local, state or federal programs. Consumers should receive information about rebates, tax credits, and other means of obtaining more affordable access to solar, including community solar, ideally with one-stop shopping resources.
- **Lend based on ability to repay.** Solar programs should verify debt and income and examine the homeowner's ability to repay the financing or loan. Projected energy savings should not serve as justification for payments above levels otherwise deemed affordable.
- **Prohibit disconnection.** Disconnection from essential utility service must not serve as a collection tool for non-payment of the loan or financing.
- **Require independent energy audits.** Policymakers should require energy audits—which give homeowners useful information about ways to improve energy efficiency—performed by independent parties with no financial incentive in a potential project. Audits should be conducted prior to contract formation and installation.
- **Mandate written disclosures.** Consumers must receive clear, written disclosures in their preferred language that explain costs and terms. There also should be a waiting period before consummation and a right to cancel for a period after they have actually received the disclosures required for the transaction. Electronic records should only be permitted to satisfy requirements for written disclosures when there is full compliance with the federal Electronic Signatures in Global and National Commerce Act (E-Sign Act).
- **Require solar contracts without mandatory arbitration.** Contracts should not include pre-dispute arbitration clauses that restrict legal recourse for consumers seeking to

redress harm. Maintaining access to the courts provides a significant incentive for industry compliance with consumer protections.

Regulatory Recommendations

- **Clarify Truth in Lending Act coverage.** The Consumer Financial Protection Bureau (CFPB) should investigate whether the Truth in Lending Act's prohibition on arbitration in mortgage contracts and its mortgage protections, including the ability-to-repay requirement, apply to solar contracts that take a UCC lien on solar panels attached to the roof.
- **Clarify requirements regarding electronic transactions.** The CFPB and/or the Federal Trade Commission (FTC) should issue guidance on requirements under the federal E-Sign Act to ensure consumers have the opportunity to demonstrate their ability to receive and access electronic disclosures and that they can truly access the electronic disclosure through a verified e-mail address.
- **Clarify requirements for electronic signatures.** The FTC should provide clear guidance on the meaning of the E-Sign Act's explicit requirements for when an electronic click or process will be considered a valid signature that binds the signer.

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