

### Nothing is for free.

A contractor may tell you that you can get free solar panels or other improvements that will eliminate your electricity bill. This is false. There are few low- or no-cost government-funded solar programs available to low-income households, but you should contact those programs directly; a contractor would not be marketing those. Most contractors will ask you to pay for their work by entering into a loan with a separate company that will include interest payments, and may put a lien on your property. Other solar companies may lease you the solar panels or sell you the electricity generated by the panels at a lower cost than your electric company, but they will still own the panels. That means you will not be eligible for a solar income tax credit, and you will have to purchase the panels at a later date if you want to own them. Even after going solar, you will still pay a small electricity bill every month and a larger one at the end of the annual cycle to your electric company (PG&E, Southern California Edison, or San Diego Gas & Electric).

### See if you qualify for an energy efficient program or loan.

You do not need to sign up for the loan or program offered by the contractor. Many loans offered by contractors are risky, such as the Property Assessed Clean Energy (PACE) financing that puts a super priority lien on your property that can lead to foreclosure. You should independently explore a way to pay that best fits your circumstances.

If you currently receive or qualify for a discounted electricity bill through CARE or FERA, you may qualify for assistance installing solar at low or no cost. These options are explained in the California Solar Consumer Protection Guide available online at: [www.cpuc.ca.gov/solarguide22\\_011922](http://www.cpuc.ca.gov/solarguide22_011922).

Grid Alternatives is a nonprofit that administers some of these programs. See if you qualify by visiting: [gridalternatives.org/qualify](http://gridalternatives.org/qualify) or by calling GRID Alternatives at: (866) 921-4696.





Homeowners thinking of adding solar panels or other energy-efficient home improvements need to be careful. Solar providers and home improvement salespeople may promise things that are too good to be true. Here are some red flags to watch out for and tips for making sure you aren't taken advantage of by unscrupulous contractors.



### About Us

Housing and Economic Rights Advocates (HERA) is a non-profit legal services organization dedicated to helping individuals and families with their consumer debt and credit issues. HERA is available to help you review and understand your home improvement financing options. Feel free to contact HERA about any issues related to home improvement problems.

### Contact Us

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housing and economic rights advocates



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# Avoiding Traps With Solar and Other Energy-Efficient Home Improvements

Even if you don't qualify for those programs, your property may be eligible for a Residential Energy Efficiency Loan (REEL), which has zero fees and closing costs. You can find out more at: [www.gogreenfinancing.com/residential](http://www.gogreenfinancing.com/residential).

### **Get an estimate from other contractors.**

An honest contractor would never rush you into signing a contract without giving you time to review. This is a red flag. You should take your time and get estimates from other contractors. You should check with neighbors, family and friends for referrals to reputable contractors, or ask for references and review work they have performed on other homes. Remember that you have options and can choose the contractor, as well as other options for paying for the work.

### **Always make sure that the contractor you hire is licensed and legitimate.**

Use the Contractor State Licensing Board (CSLB) website to verify that the contractor you hire to install your home improvements is following state law. You can check the status of a contractor's license at: [www.cslb.ca.gov](http://www.cslb.ca.gov).

### **Understand the terms of any contract and who you are contracting with before signing.**

It's important to know who you are paying and what you are paying them for before you sign any contract. Before work can begin, you will have to sign a Home Improvement Contract that describes the work you are paying for, how much it costs, how you are paying for it (up front or financed), and when it will be completed. Door-to-door salespeople and telemarketers may try to lure you in with promises of a tax refund and may not disclose that the work will be financed by a loan from another company.

If you are getting a loan to pay for the work, you will need to sign a different contract with the lender, who is usually not the contractor. Be sure that the lender provides a written disclosure of the terms of the loan, including the amount financed, interest rate, monthly or regular payments, and the total amount you will pay before you sign the contract.

If you agree to pay your solar company directly every month for the solar panels, you are probably not buying them but leasing them (Solar Lease) or paying them for the electricity generated by the panels (Power Purchase Agreement). Seek clarification on what the payment arrangement is before you sign any agreement. You should read the California Solar Consumer Protection Guide to understand the pluses and minuses of each of these options. You can download it in several languages on at: <https://www.cpuc.ca.gov/solarguide/>.

You are entitled to and should ask for hard copies to review, even if you are signing the documents electronically. Save copies of all documents you sign.

### **You have the right to a copy of the home improvement contract and financing agreement in the language in which the salesperson spoke to you.**

If a salesperson comes to sell you home improvements and speaks to you in a language other than English, they must give you a copy of the contract in that language.

### **Know your right to cancel.**

You have at least three business days to cancel your contract for any reason. You may cancel the contract by emailing, mailing, faxing, or delivering a notice to your solar provider by midnight of the third business day after you received a signed, dated copy of the contract. If you are 65 years of age or older, you have five days. Different rules may apply for contracts negotiated at a company's place of business. Even if the right to cancel period has passed, you may still be able to rescind the contract if it was obtained by false promises and should seek legal assistance.

### **Don't sign any paperwork certifying the contractor's work until it is completed.**

Many loans require that the homeowner certify that the work was complete before the contractor can get paid from the loan. Be sure that the work is actually finished and the improvements work before signing any certificate of completion. This should include the work passing any necessary building department inspection.

### **Before getting solar panels, read the California Solar Consumer Protection Guide.**

Your solar provider should give you a copy of this, but if they don't, you can download it in several languages at: <https://www.cpuc.ca.gov/solarguide/> and an audio recording of the guide is available by phone by calling: (855) 955-1535. The CSLB has additional information at: [https://www.cslb.ca.gov/Consumers/Solar\\_Smart/](https://www.cslb.ca.gov/Consumers/Solar_Smart/)

**If your contractor misled you, didn't finish the work, or engaged in other misconduct, you can file a complaint with the CSLB at:**

**[www.cslb.ca.gov/consumers/filing\\_a\\_complaint/](http://www.cslb.ca.gov/consumers/filing_a_complaint/)**

**If you have issues with the home improvement financing, such as PACE, you can file a complaint with the Department of Financial Protection and Innovation at:**

**<https://dfpi.ca.gov/file-a-complaint/>**