



Attitudes of UK Mortgage Lenders towards Domestic Solar PV

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On behalf of Community Energy Plus

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1.0 Key Research Findings

Basis of Results

- The research presented here is based on a survey of mortgage lenders drawn from CML and BSA membership lists. Of the 66 lenders contacted, 21 responded to the full survey, representing 41% of total outstanding UK home loans based on 2010 market share figures.
- **Key Research Findings**
- 8 out of 21 lenders would either always give approval for solar PV when asked or did not need to give their consent. All remaining lenders surveyed would 'sometimes' give approval.
- 70% of lenders surveyed would require additional information about systems and installers from the borrower when giving approval for solar PV.
- More than half of all lenders would seek information about the accreditation of installers, while just under half would need detailed information about installers or the proposed system itself. A range of other information would also be sought by individual lenders.
- 12 of 21 lenders believed that solar PV did pose a risk to the integrity of the property although a variation was evident between banks and building societies with a larger majority of building societies believing that it did pose a risk.
- Risk of structural damage due to the additional weight of the panels was the most commonly identified risk to the property while a substantial number of lenders had concerns about damage arising from poor installation.
- Lenders were consistently unsure about the impact of solar PV on property value and virtually all believed that valuers and surveyors were best placed to assess this impact.
- 47% of lenders expected solar PV to affect the marketability of a property. The most common reasons for this were expectations that buyers might have concerns about maintenance and a general lack of familiarity with solar PV. A significant number of lenders suggested solar PV had a negative visual impact or 'kerb appeal'.
- Of the perceived risks associated with solar PV, marketability issues caused greatest concern.
- 14 of 19 lenders thought that both additional valuations and accreditation of installers or surveys would help to mitigate risks associated with solar PV. Fourteen lenders thought that insurance was important, either in terms of buildings insurance providers giving approval, or specific cover for solar PV.
- 66% of lenders including a majority of banks and building societies were aware of the Microgeneration Certification Scheme. Awareness of the scheme increased with lender size.
- 66% of lenders would also want to give additional borrowing applications additional scrutiny. Most other lenders had 'no concerns' about additional borrowing. Additional scrutiny included extra valuations, LTV review, ensuring accreditation of installers and planning consent.
- 18 of 21 lenders were aware of 'rent-a-roof' schemes. 3 lenders would always give approval for rent-a-roof while 14 would sometimes give approval. 3 would rarely or never give approval.
- The most common reasons for refusing consent for rent-a-roof included concerns about liability for roof repairs, concerns about the impact on property value and concerns about the impact on marketability. RICS, the Surveyor's organisation, has also highlighted marketability issues.

- **Two thirds of lenders were aware of the joint CML/BSA advice for panel providers and borrowers regarding minimum requirements for gaining consent for rent-a-roof. Seven of the surveyed lenders had adopted this guidance whilst a number had additional requirements. Several lenders had no policy in place with regard to rent-a-roof.**

Recommendations for Future Action

- **Recommendation 1: Publicise the types of information required by lenders when consenting domestic solar PV to homeowners and panel providers.**
- **Recommendation 2: Promote greater knowledge of solar PV systems and installation methods amongst the Mortgage Industry in order to reduce perceived risks.**
- **Recommendation 3: Engage with the Mortgage Industry to identify how to improve understanding of the impact of solar PV on Property Value and Marketability.**
- **Recommendation 4: Publicise the MCS Accreditation Scheme and similar schemes amongst Lenders as a means of reducing perceived risks associated with solar PV.**
- **Recommendation 5: Encourage more lenders to promote solar PV and other domestic renewables by offering favourable lending terms for additional borrowing.**
- **Recommendation 6: Publicise the joint CML/BSA advice on minimum requirements for consenting rent-a-roof installations and related advice for affordable housing amongst lenders.**

2.0 Introduction

2.1 Background to the Research

Community Energy Plus delivers fuel poverty, energy efficiency and renewable energy projects in Cornwall. The charity is also one of four organisations involved in delivering the South West Energy Saving Trust advice centre which provides free and impartial energy efficiency and renewable energy information and advice to households in the region.

Since 1997 Community Energy Plus has been actively involved in enabling and delivering renewable energy for communities and households in Cornwall. This activity has been accelerated recently by the support available through the UK Feed-in Tariff (FIT). Community Energy Plus is keen to ensure that all groups have access to these new sources of low cost energy and they pursue a range of different programmes working with individual homeowners, community groups, social landlords and other organisations to make this possibility a reality.

Within the context of the FIT, the greatest growth has been seen in domestic roof-mounted photovoltaic panels, or solar PV. This has spawned numerous new providers and a range of new delivery models including 'free solar' schemes where panel providers earn FIT income from domestic solar installations and in return homeowners benefit from free or low-cost electricity. These schemes usually involve a 'roof leasing' contract and hence have been referred to as 'rent-a-roof'.

Many homes in the UK have a mortgage attached to them and lenders often have an interest in consenting changes to the property in case these have a negative impact the security of the loan. Lending conditions often require that customers seek approval from their lender before making alterations. For this reason mortgage lenders have a potential role to play in enabling the expansion of domestic solar PV, whether it is funded by the homeowner or through a roof-leasing scheme.

Mortgage lending can also often provide homeowners with a relatively low cost source of funding to pay for solar PV if sufficient equity exists in the property. However this is dependent on lenders approving additional borrowing applications and therefore lenders also have a role to play in enabling the deployment of solar PV through granting or refusing further borrowing.

For these reasons UK mortgage lenders have a potentially significant role to play in enabling the further roll-out of domestic solar PV and therefore there is significant value to be gained from understanding of the attitudes of mortgage lenders towards domestic solar PV.

2.2 Research Objectives

Starting from this background this research set out to explore the attitudes of UK mortgage providers towards retrofit domestic solar PV installation with a view to identifying barriers to the take-up and possible solutions for overcoming any such barriers.

In particular views were sought from lenders on the following questions:

- Are lenders willing to give consent to solar PV installations and do they require any specific information from borrowers as part of the consenting process?
- Are lenders happy to provide additional borrowing to fund solar PV?
- What are the attitudes of lenders towards roof-leasing or 'rent-a-roof' schemes?

2.2 Project Approach

2.2.1 Research Approach

As noted above the research presented here set out to explore the attitudes of UK mortgage lenders towards domestic solar PV, in particular solar PV that is to be retrofitted to existing properties, rather than solar PV that has been built into a property as part of the original design.

From an early stage it became clear that mortgage lending policies were considered sensitive by lenders and it was therefore decided to proceed with the survey on an anonymous basis.

A structured questionnaire format was selected to support basic statistical analysis of the views expressed by lenders and to allow comparisons to be made between different sections of the survey sample. This would also provide insight into how far the sample reflected the market as a whole.

In addition to the structured survey of lenders the research included desk based research and literature reviews and correspondence with stakeholder organisations and industry bodies including Council of Mortgage Lenders (CML), the Building Societies Association (BSA) and The Royal Institution of Chartered Surveyors (RICS).

This activity highlighted a range of recent and ongoing actions amongst various bodies involved with the mortgage industry which seem likely to accelerate the dissemination of knowledge about solar PV and other domestic renewables and sustainability technologies. The results section below includes further information about these insights.

2.2.2 Survey Content

The initial scope and content of the survey was defined through discussions with Community Energy Plus. The survey was further developed using the researchers personal experience of working in the mortgage industry and based on results of desk based research and initial contacts with industry stakeholders. This included research into methods for attaching domestic solar PV systems including 'roof hooks' and 'hanger bolts'.

A 2006 report on UK mortgage underwriting produced for the CML by Oxera (CML Research, 2006) provided a useful explanation of the approaches taken to underwriting by mortgage lenders. This highlighted the importance of the property valuation in this process. This also highlighted the key role played by valuers and surveyors in determining what is acceptable to lenders through their assessments of property values and potential risks.

The CML and BSA jointly produced guidance for providers of solar panels and homeowners wishing to enter into 'roof leasing' contracts to support the installation of domestic solar PV (CML/BSA, 2011). This sets out the areas where lenders will typically 'seek comfort' before giving their consent to the leasing of roof space. This guidance helped to inform questions in the survey dealing with roof-leasing schemes, also referred to as 'rent-a-roof' schemes.

2.2.3 Survey Delivery

The survey was ultimately delivered in the form of an emailed attachment incorporating embedded HTML content. This document was also used to drive telephone interviews where lenders were willing to participate in an interview. This questionnaire document was generated using the 'Kwik Surveys' free online survey tool (Kwik Surveys, 2011).

2.2.4 Contacting Lenders

Lenders were initially contacted by phone using details drawn from the CML and BSA online membership lists and company websites. Some lenders were contacted via their media teams. Generally speaking it was found to be more straight-forward to contact smaller lenders.

Responses were sought from lending managers, credit risk managers and underwriters and a number of responses were also provided by business development managers and by legal and marketing personnel with an interest in and knowledge of their institutions policies on solar PV.

An extensive review of company websites was carried out before contacting lenders. This provided useful insights including information about the approaches taken by individual lenders towards underwriting, the range of mortgage products on offer and information about the size of their mortgage books.

Information about mortgage book size was used to drive sampling in an attempt to include a cross section of small, medium and large lenders in the survey. Further information about the size and make-up of the UK mortgage market was also drawn from online sources including a list of the top thirty UK lenders available from 'The data' (The data, 2011).

2.2.5 Other Information Sources

This research has also been informed by information from a range of other sources including:

- Information about the 2011 FIT review available on the DECC website (DECC, 2011)
- Email exchanges with policy advisors at RICS and the BSA
- A RICS information paper on 'Sustainability and Residential Property Value'
- Information from RICS and Green Register websites about upcoming Seminars
- CML 2011 Valuations Conference materials available on the CML website

2.2.6 Survey Data Analysis

Survey Results were analysed using a bespoke Excel Spreadsheet. Answers for multiple choice questions were grouped by type of lender and lender size. Responses from open questions and additional comments were also analysed, categorised and where appropriate combined and presented with data from multiple choice questions.

3.0 Financial Institutions Contacted

A total of 66 financial institutions were contacted and invited to participate in the survey forming the main part of this research. This included 29 lenders from the top 30 list provided by 'The data' for 2010 (The data Ltd, 2011). Two of the three remaining top 30 lenders, Bradford and Bingley and Norwich and Peterborough Building Society, now form part of Santander and Yorkshire Building Society and so were contacted as part of their parent group. The remaining institution, Aviva Equity Release was not contacted because of their exclusive focus on Equity Release mortgages rather than residential first time buyer and remortgage products. Table 3.1 below lists the institutions contacted as part of this research.

Table 3.1 – Financial Institutions Contacted

	Organisation	Type of Institution	Parent Group
1	Airdrie Savings Bank	Bank	-
2	Aldermore Bank PLC	Bank	-
3	Allied Irish Bank (GB)	Bank	-
4	Bank of Ireland	Bank	-
5	Barclays	Bank	-
6	Clydesdale Bank / Yorkshire Bank	Bank	National Australia Bank
7	Cooperative Bank	Bank	The Co-operative Banking Group
8	HBOS	Bank	Lloyds Banking Group
9	HSBC	Bank	-
10	ING Direct	Bank	ING Group
11	Lloyds Banking Group	Bank	-
12	Metrobank	Bank	-
13	Northern Bank	Bank	Danske Bank Group
14	Northern Rock	Bank	-
15	Royal Bank of Scotland	Bank	-
16	Santander	Bank	-
17	Standard Life Cash Savings and Mortgages	Bank	Barclays
18	UBS	Bank	-
19	Bath Building Society	Building Society	-
20	Beverley Building Society	Building Society	-
21	Buckinghamshire Building Society	Building Society	-
22	Cambridge Building Society	Building Society	-
23	Chorley Building Society	Building Society	-
24	Coventry Building Society	Building Society	-
25	Cumberland Building Society	Building Society	-
26	Darlington Building society	Building Society	-
27	Dudley Building Society	Building Society	-
28	Earl Shilton Building Society	Building Society	-
29	Ecology Building Society	Building Society	-
30	Furness Building Society	Building Society	-
31	Harpenden Building Society	Building Society	-
32	Hinckley and Rugby Building Society	Building Society	-
33	Holmesdale Building Society	Building Society	-
34	Ipswich Building Society	Building Society	-
35	KRBS	Building Society	-
36	Leeds Building Society	Building Society	-
37	Leek Building Society	Building Society	-
38	Loughborough Building Society	Building Society	-
39	Manchester Building Society	Building Society	-
40	Mansfield Building Society	Building Society	-
41	Market Harborough Building Society	Building Society	-
42	Marsden Building Society	Building Society	-
43	Melton Mowbray Building Society	Building Society	-
44	Monmouthshire Building Society	Building Society	-
45	National Counties Building Society	Building Society	-
46	Nationwide	Building Society	-
47	Newbury Building Society (Andover Branch)	Building Society	-
48	Newcastle Building Society	Building Society	-
49	Nottingham Building Society	Building Society	-
50	Principality Building Society	Building Society	-
51	Saffron Building Society	Building Society	-

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52	Scottish Building Society	Building Society	-
53	Skipton Building Society	Building Society	-
54	Stafford Railway Building Society	Building Society	-
55	Swansea Building Society	Building Society	-
56	Teachers Building Society	Building Society	-
57	The Hanley Building Society	Building Society	-
58	The Tipton Building Society	Building Society	-
59	West Bromwich Building Society	Building Society	-
60	Yorkshire Building Society	Building Society	-
61	Cheshire Mortgage Corporation	Specialist Lender	Blemain Group
62	CHL Mortgages	Specialist Lender	-
63	GE Money Home Lending Ltd	Specialist Lender	-
64	Kensington Mortgages	Specialist Lender	-
65	Paragon Mortgages	Specialist Lender	-
66	Redstone Mortgages	Specialist Lender	-

4.0 Results

4.1 Presentation of Results

Section 3 presents the findings of the research. The main survey results are presented in section 3.4. However, before reviewing these results, section 3.2 and 3.3 set out a number of insights gained from the additional desk based research and correspondence with industry stakeholders described above. In particular this includes details of recent or ongoing activity that is likely to have a bearing on the way that solar PV and other renewable technologies and sustainability features are received by lenders going forward.

Section 3.3 begins with a description of the lender response to the survey and this is followed by a statistical analysis of responses broken down by lender type and lender size. The remainder of the section presents the findings of the survey on a question by question basis, grouped under the key headings used to organise the questionnaire itself which were:

- Consenting solar PV
- Solar PV and Perceived Risk
- MCS Accreditation
- Additional Borrowing
- Consenting Rent-a-roof

Results are presented graphically for many questions and answers are generally either grouped by lender category with alternative responses shown in different colours (questions 1,4,6,8,10,14,19,25) or results are grouped by the answer given with a breakdown shown for each lender category (questions 2,5,7,11,12,13,15,18)

4.2 Lender Attitudes to Sustainability Measures

Research into the mortgage sector has highlighted two potentially important distinctions between different groups of lenders. These are the underwriting processes they employ and their reasons for providing mortgage lending to their customers.

Firstly based on insights provided in the 2006 CML report on UK mortgage underwriting, and supported by current information on lender websites, it would seem that smaller lenders are more likely to employ more manual underwriting. The CML report notes that in 2006 87% of small lenders and 90% of medium-sized lenders had a manual underwriting process. In contrast 77% of large lenders used a partially automated process and 9% used a fully automated process (CML, 2006). This is of interest because it could imply smaller lenders, employing more manual approaches, are better placed to respond 'organically' to new developments such as increasing use of solar PV and other sustainability features and so be more likely to approve such features in the short term.

The second point to note is a distinction in the perceived purpose of lenders. This is an impression based purely on a review of lender websites. However a number of building societies distinguish themselves by emphasising a purpose that includes helping their members to become home owners and helping them to improve their property through additional lending for home improvements. This is emphasised by the fact that the some building societies offer geographically restricted mortgage products that would seem to suggest an emphasis on providing solutions for local people over commercial profit. Although this is only an impression the implication is that these lenders could potentially be more open to accommodating less familiar building practises and emerging

technologies than some of the more commercially orientated lenders whose primary driver is secure lending to underpin profit.

These points possibly highlight a distinction between lending as a largely commercial venture, employing more automated assessment processes and forming part of a wider profit-realisation strategy, versus lending with a view to helping people onto the property ladder and helping them to care for and improve their homes, employing more manual and bespoke assessments.

These insights to the varying nature of lenders in the market could imply that novel sustainability features are in general more likely to be accommodated by lenders employing more manual underwriting processes and that building societies could sometimes have additional interest in accommodating customers who wish to install these new technologies.

However for the specific case of solar PV the situation may now be different due to the effect of the recent Feed-In Tariff. This has pushed solar PV into the mainstream by giving borrowers significant financial incentives to adopt this technology. Consequently lenders may in general be more likely to accommodate solar PV than other emerging technologies.

4.3 Recent Industry Activity on Sustainability Measures

During the course of the research a number of recent or ongoing initiatives were highlighted that indicate an increasing focus on and engagement with domestic Sustainability Measures by the UK mortgage industry. These initiatives are described below.

- As noted above the CML and BSA produced advice on minimum requirements for solar panel providers and borrowers to obtain consent for roof-leasing or 'rent-a-roof' solar PV. This was developed with major lenders and focuses on providing protection for lenders against the major risks and hazards identified to date with roof-leasing schemes (CML/BSA, 2011)
- The CML has also produced similar minimum requirements for consent to roof-leasing schemes for borrowers in affordable housing (CML, 2011)
- At the recent CML 6th Annual Valuations Conference, Architect and TV Personality Charlie Luxton delivered a presentation that provided insights into domestic energy use, costs and sustainability responses set in the context of peaking oil production, climate change and the challenge of reducing carbon emissions (Luxton, 2011)
- In September 2011 RICS produced an information paper for members entitled 'Sustainability and Residential Property Value' which provides guidance for surveyors on some of the factors that need to be considered when properties that incorporate features such as Solar PV, advanced heating or insulation systems are being valued (RICS, 2011B)
- RICS recently produced an article highlighting the potential negative impact that 'rent-a-roof' installations could have on the saleability of residential property (RICS, 2011C)
- RICS and The Green Register have offered seminars for surveyors and other building industry professionals about topics such as incorporating sustainability features into existing properties (RICS, 2011A; Green Register, 2011)
- Two respondents noted that the 'National Surveyors Forum' is currently looking at issues posed by solar panels and in particular the impact of solar panels where a house is repossessed, however no obvious further information was available on this point

4.4 Survey Results

4.4.1 Response to the Research

Of the 66 institutions contacted, 21 provided full responses to the survey as either written replies or through a telephone interview. This was a response rate of 31%. A further five lenders participated in brief semi-structured telephone interviews. With these interviews included, insight was gained from 35% of lenders contacted.

Full survey responses included 4 from 'top 10' lenders and a further 3 'top 30' lenders based on the list of 2010 'top 30' lenders provided by 'The Data' (The data ltd, 2011). This sample represents around 41% of total home loans outstanding based on 'The Data' 2010 figures. When the semi-structured interviews are also included, insight was gained from lenders managing over 50% of total home loans outstanding in the UK market. Therefore while the survey cannot claim to provide a comprehensive picture of lenders views, it does still present the views of a significant percentage of the market including a number of the most familiar high street brands.

4.4.2 Analysis of Responses by Lender Type and Size

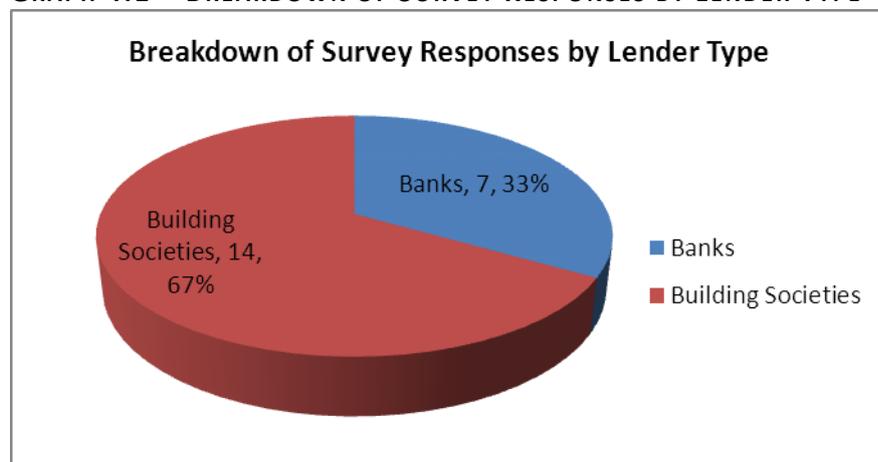
The responses to the survey were analysed according to lender type and size. Size bands were adapted from those used in the CML report on UK Mortgage Underwriting (CML Research 2006). The bands used in the survey are shown in Table 4.1 below.

Table 4.1 – Lender Size Bands

Band	Size (Outstanding Mortgage Balance)
Small	Less than £200 Million
Medium	£200 Million to less than £1 Billion
Large	£1 Billion to less than £5 Billion
Very Large	£5 Billion Plus

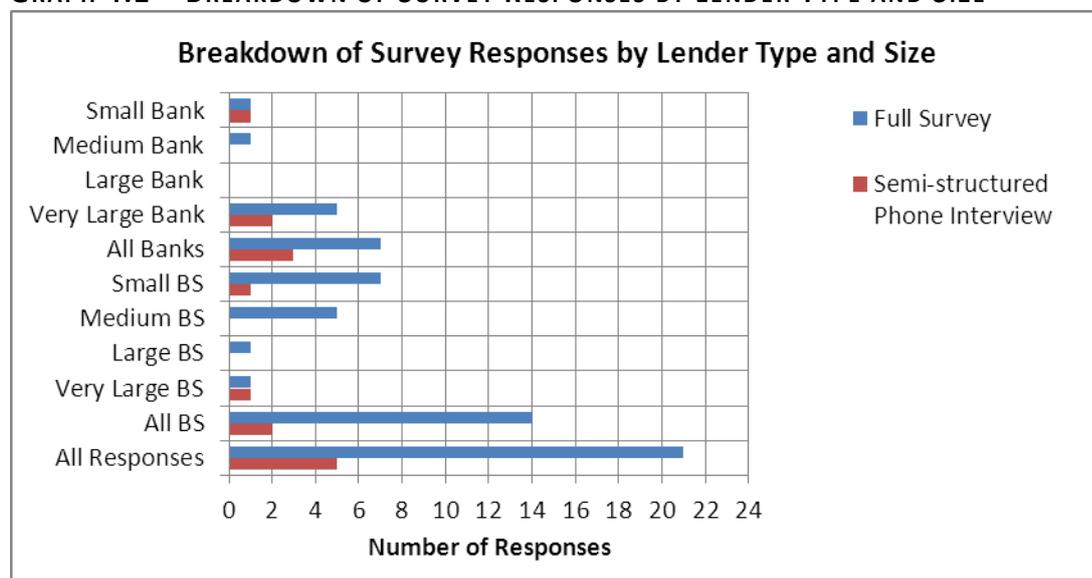
Graph 4.1 illustrates the split between banks and building societies in the survey sample. It can be seen that 14 responses, or 67%, were received from building societies while seven came from banks making up 33% of the sample. No successful contacts were made with Specialist Lenders.

GRAPH 4.1 – BREAKDOWN OF SURVEY RESPONSES BY LENDER TYPE



Graph 4.2 below shows the breakdown of responses according to the type of lender and the size of outstanding mortgage book.

GRAPH 4.2 – BREAKDOWN OF SURVEY RESPONSES BY LENDER TYPE AND SIZE*



*refer to table 3.1 above for details of the size bands used in the survey

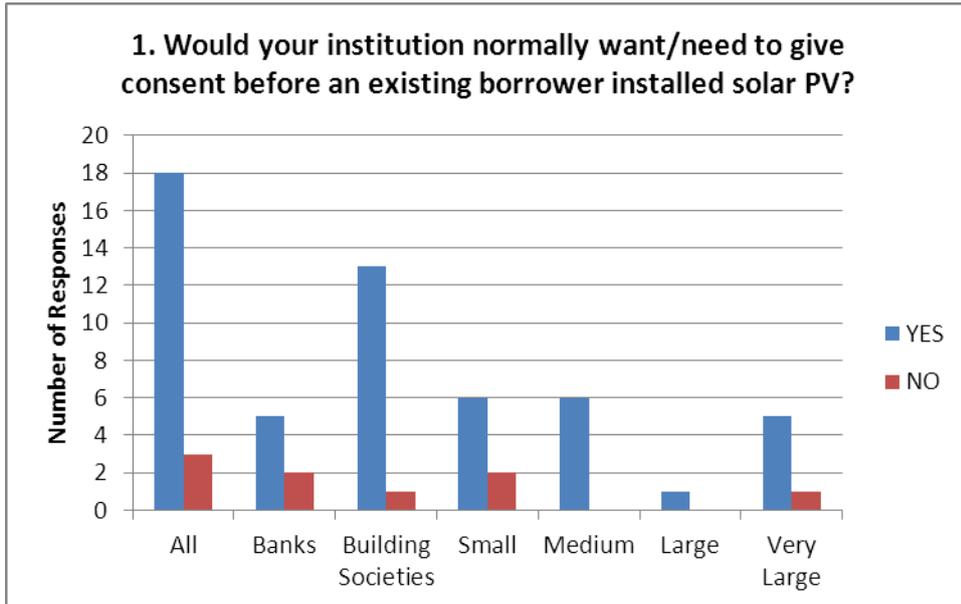
4.4.3 Consenting Solar PV

Questions 1 to 5 in the survey dealt with consenting solar PV. Question 1 asked lenders whether they would want or need to give consent to existing borrowers wishing to install solar PV on their property. Graph 4.3 below shows that a substantial majority of all lenders advised that they **WOULD** want or need to give consent before solar PV was installed. Although the data is limited, it would appear to suggest that building societies are more likely to need to give consent than banks.

Two lenders gave additional comments suggesting that solar PV would be classed as a major or substantial change to the property, perhaps implying that this could impact the security of the mortgage, and consent needed to be given to such changes. In contrast one small lender commented that they wouldn't need to know and it was the customer's choice to install solar PV. This suggests this lender did not consider solar PV to be a major change.

All lenders who responded to question 1 with 'No' were asked a secondary question, question 3, about whether they would require to be notified that solar PV was being installed. It is interesting to note that all 3 lenders who said 'NO' to question 1 also said 'NO' to this follow-up question.

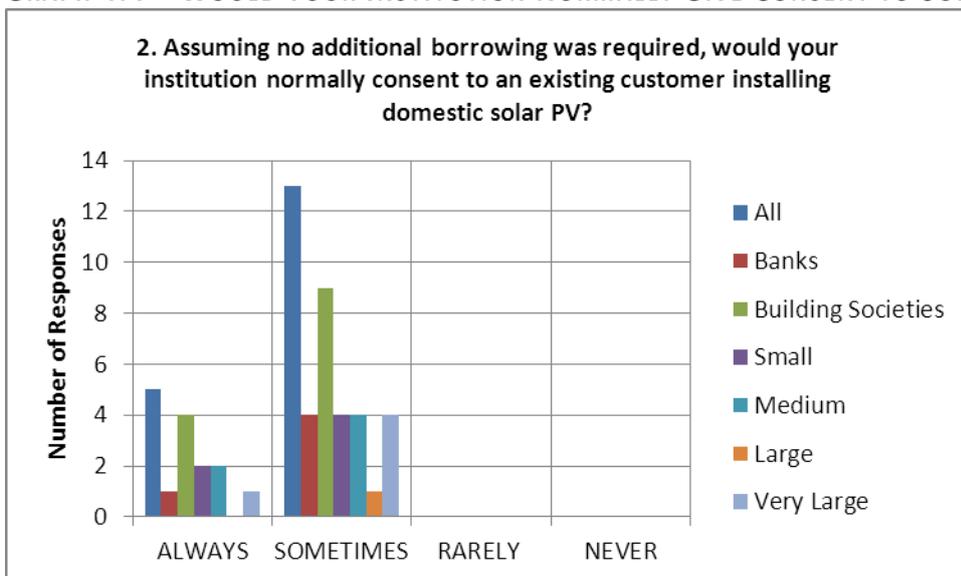
GRAPH 4.3 – WOULD YOUR INSTITUTION WANT OR NEED TO GIVE CONSENT TO SOLAR PV



All lenders that said they would need to give consent to solar PV were asked question 2. This explored how likely lenders were to give consent to solar PV with available options being ‘ALWAYS’, ‘SOMETIMES’, ‘RARELY’, and ‘NEVER’. Graph 4.4 below provides a breakdown of responses to this question. As can be seen, five lenders said they would always give consent. Taken with the lenders who said they wouldn’t need to give consent in question 1, this means over one third of lenders would effectively always give consent to solar PV. All remaining lenders surveyed said they would sometimes give consent. No lenders surveyed said that they would ‘rarely’ or ‘never’ give consent.

It is worth noting that two respondents explicitly stated that the options available in question 2 were too restrictive and that a fifth option of ‘usually’ would have been most appropriate. A number of other lenders also made comments to this effect and therefore had a ‘usually’ option been included it seems likely that several respondents would have selected this rather than ‘sometimes’. This suggests that the real picture is if anything more positive than Graph 4.4 below would indicate.

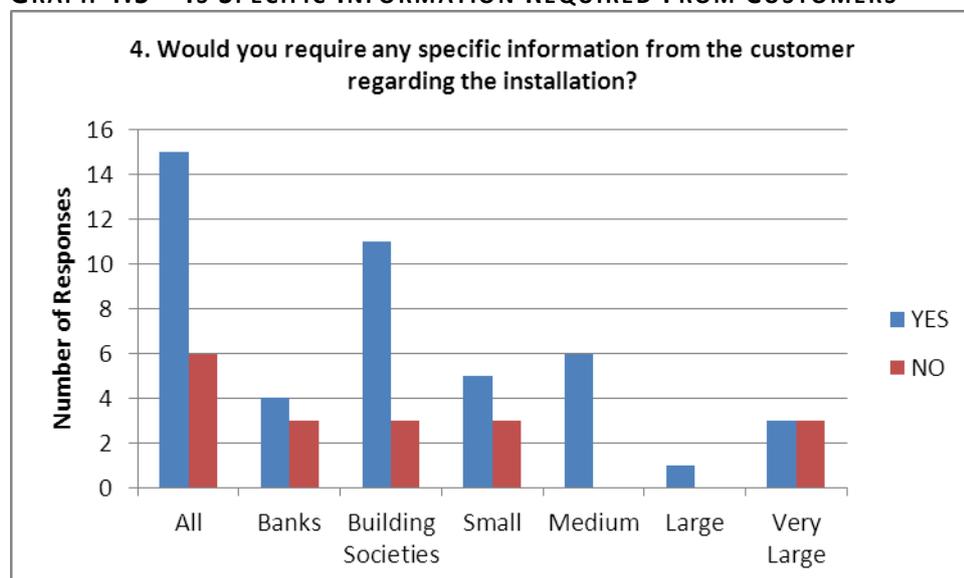
GRAPH 4.4 – WOULD YOUR INSTITUTION NORMALLY GIVE CONSENT TO SOLAR PV



A number of lenders provided additional comments in relation to question 2. These give some insight into what factors would affect consent decisions. A couple of lenders said they would treat each case on its own merits. One suggested they would want details about exactly what the customer was planning to install, while three suggested that information about the reputability or accreditation of installers could affect their decision. One lender advised that they had set criteria to ensure their security wasn't diminished and another mentioned the importance of ensuring that the buildings insurer had been informed. Two lenders suggested consent would only be refused in exceptional circumstances such as high LTV or arrears cases. One lender commented that they couldn't think of any reason for not giving consent.

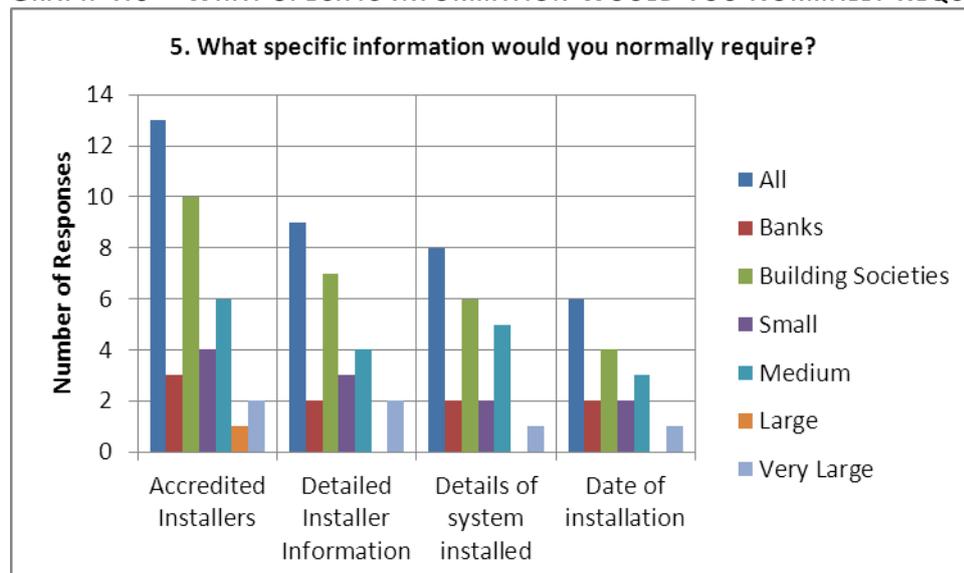
Survey question 4 explored whether or not lenders would require specific information from borrowers before giving consent to solar PV. Graph 4.5 below shows that 15 lenders, equating to more than 70% of respondents, would require additional information. It is interesting to note that for banks the numbers that would and would not require extra information are almost equal whilst for building societies a substantial majority said they would require more information.

GRAPH 4.5 – IS SPECIFIC INFORMATION REQUIRED FROM CUSTOMERS



Question 5 sought to drill down further into the results from question 4 and identify what specific information lenders would require from customers. Respondents were given multiple options including 'Installer Accreditation', 'Detailed Installer Information', 'Details of the System or Installation Process' and 'Date of Installation', with multiple answers possible. Graph 4.6 below shows the breakdown of responses to this question. It is apparent that substantially more information was sought by building societies rather than banks. Medium sized lenders were most likely to request all four types of information, followed by small lenders and very large lenders.

GRAPH 4.6 – WHAT SPECIFIC INFORMATION WOULD YOU NORMALLY REQUIRE



In additional comments for question 5, individual institutions identified a number of other items of specific information that they would require from borrowers when giving consent to solar PV. These are listed in Table 4.2 below along with a count of how many respondents referred to each item.

Table 4.2 – Other Information Required by Lenders when Consenting Solar PV

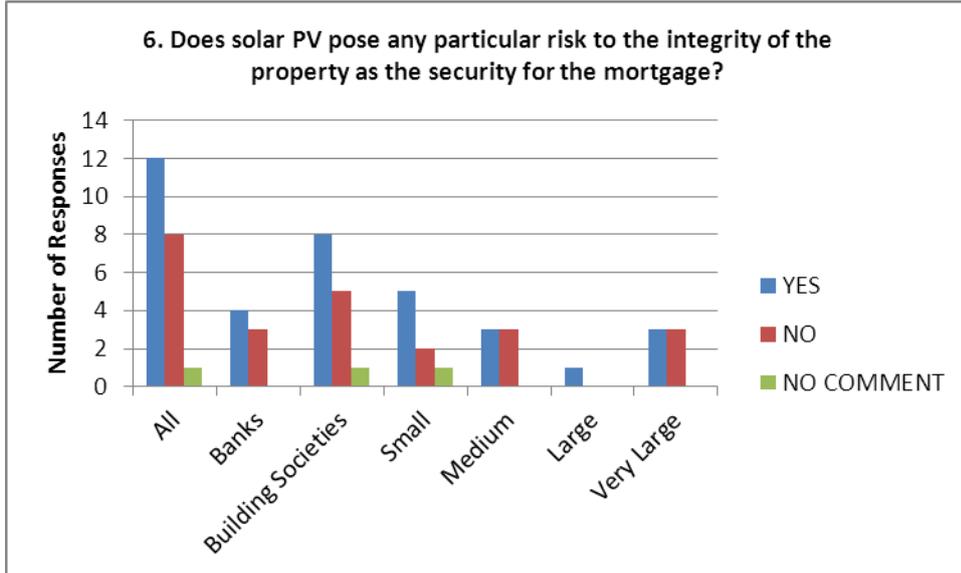
Specific Information Required	Number of Lenders Mentioning This
Confirmation that a structural survey had been carried out	2
Details of maintenance arrangements and who has liability for this	1
That the customer has had access to independent legal advice	1
Compliance with planning or building regulations	1
Approval from buildings insurers	2
Additional valuation reports	2
Evidence of purchase to qualify for a specific lender rate discount granted when solar PV and other sustainability features are installed	1
Solar PV treated like any other home improvement and no special info. Required	1

4.4.4 Solar PV and Perceived Risks

Questions 6 to 13 dealt with perceived risks associated with domestic solar PV installations. This included risks affecting the integrity of the property as well as the risk that the value or marketability of the property might be impacted. Responses to these questions will be dealt with individually below.

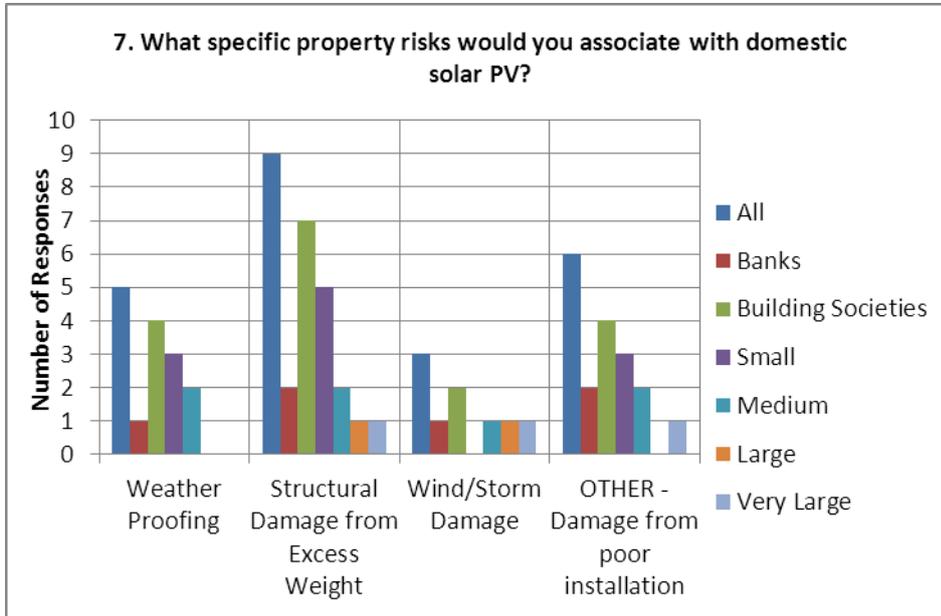
Question 6 asked lenders to comment on whether solar PV posed any particular risk to the integrity of the property. Graph 4.7 below shows that around 60% of lenders answered yes to this question. Building societies were slightly more likely to say yes to this question than banks. The majority of small lenders responded yes in contrast to other sized lenders.

GRAPH 4.7 – SOLAR PV AND RISK TO THE INTEGRITY OF THE PROPERTY



Question 7 again sought to drill down further to understand the specific property risks that lenders associated with solar PV. This was a multiple choice question with space for additional comments. Graph 4.8 summarises responses to this question. Structural damage resulting from excess weight on the roof was the most commonly identified risk. The second most commonly perceived risk was damage to the roof arising from poor installation. This broad category could be seen to encompass the separate risk of damage to weather proofing, the third most numerous response given by lenders. Increased likelihood of wind or storm damage was the least common response.

GRAPH 4.8 – SOLAR PV AND SPECIFIC RISKS AFFECTING THE INTEGRITY OF THE PROPERTY



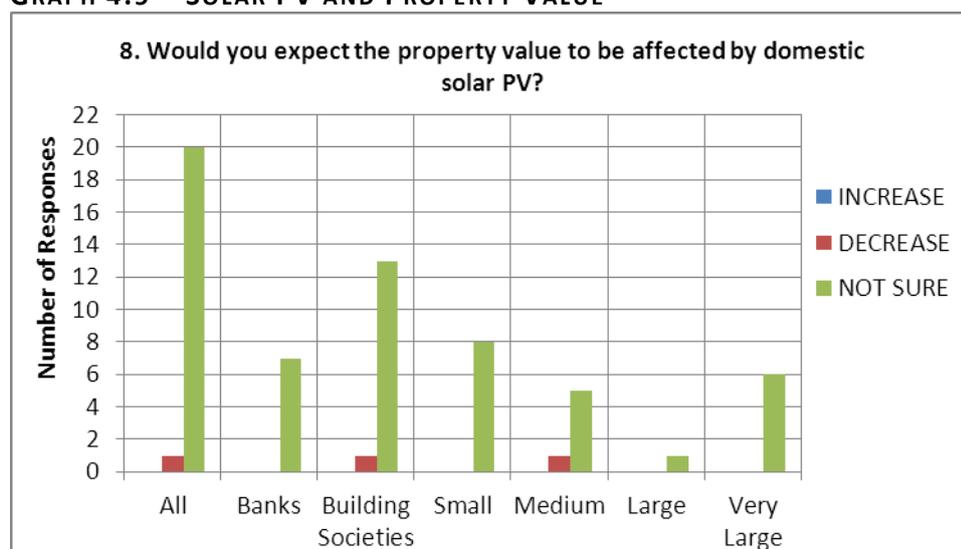
Lenders gave a number of additional comments in response to question 7 and these are described in Table 4.3 below.

Table 4.3 – Other Risks Highlighted by Lenders in Relation to Property

Risks Highlighted by Lenders	Lenders Mentioning This
Validity of insurance	2
Breach of planning or building regulations	2
Electrical or Fire risk	1
Would expect surveyor to advise on likely risks	2
Maintenance Implications	1

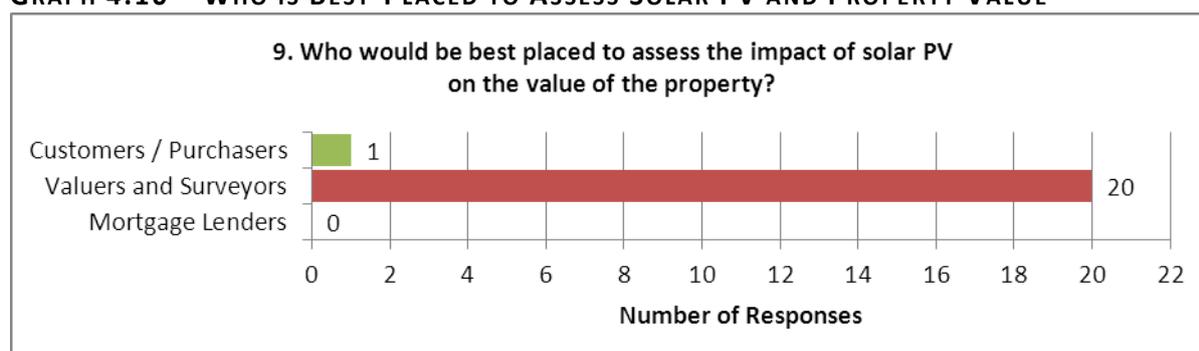
Question 8 dealt with the likely impact of solar PV on property valuation. Available options were ‘Increase’ or ‘decrease’ value, or ‘not sure’. Graph 4.9 below shows that the overwhelming majority of lenders were unsure. It should be noted here that two lenders stated that they thought solar PV would neither increase or decrease value however as this was not an option on the original survey these responses are counted here under ‘not sure’.

GRAPH 4.9 – SOLAR PV AND PROPERTY VALUE



The results for Question 9 were even more striking with 20 out of 21 respondents advising that valuers and surveyors were best placed to assess the impact of solar PV on the property value. This is shown in Graph 4.10 below.

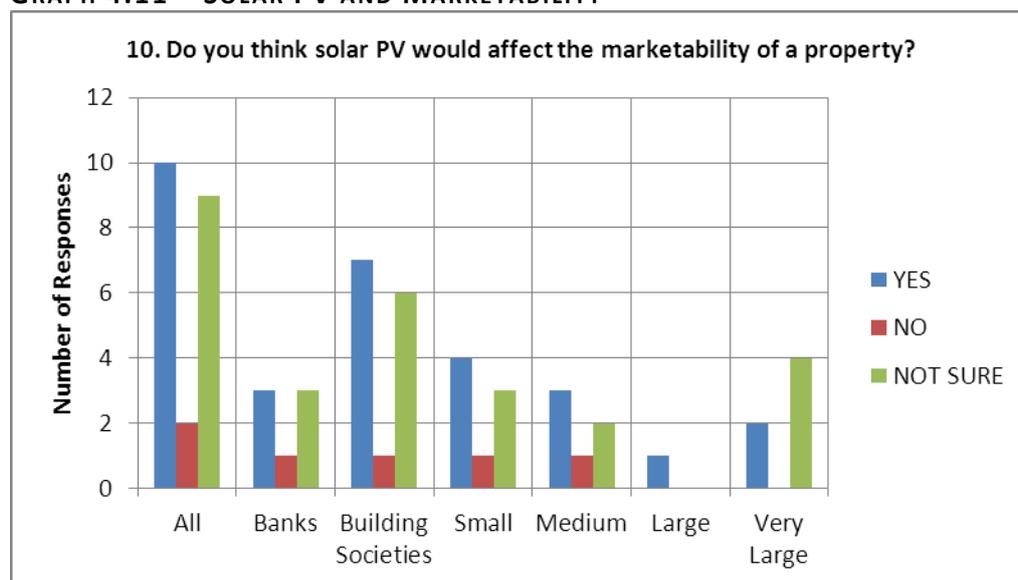
GRAPH 4.10 – WHO IS BEST-PLACED TO ASSESS SOLAR PV AND PROPERTY VALUE



Although this may not be a surprising result considering that this is one of the core functions of valuers and surveyors, it does however emphasise the crucial role that this group of professionals has to play in determining how banks respond to solar PV and other sustainability features. RICS guidance emphasises that the role of the surveyor is to reflect the value that the market would place on a property, however as long as domestic solar PV remains relatively uncommon; there may be insufficient data available to reliably inform such a view.

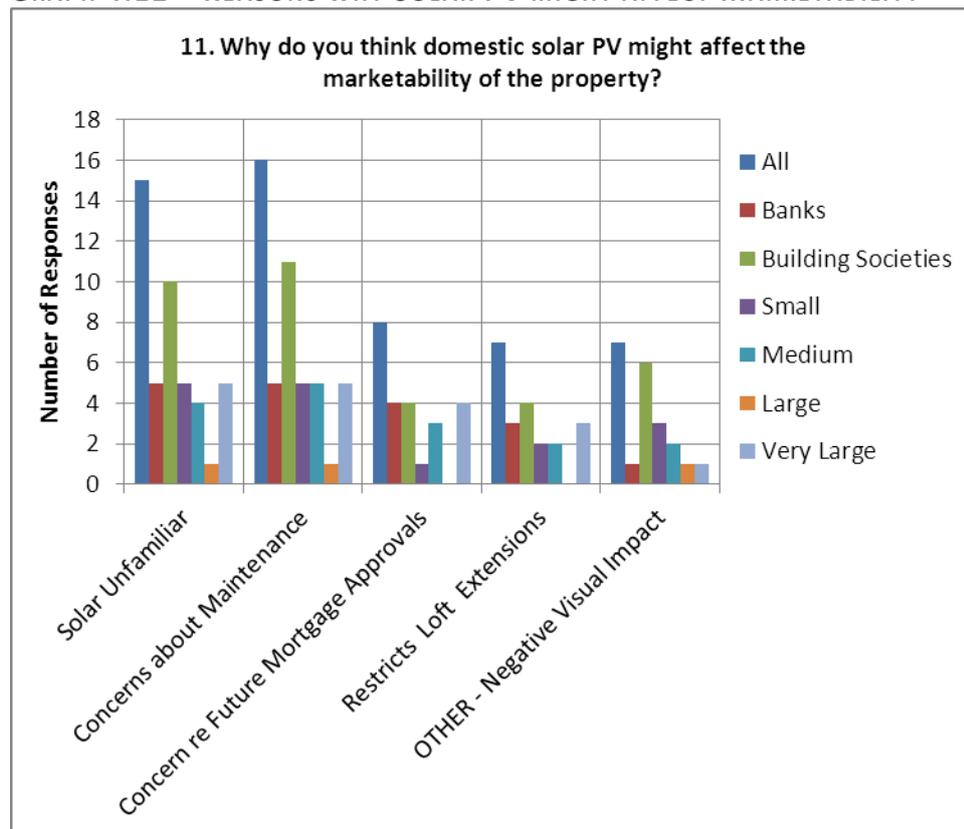
Question 10 considered whether lenders expected solar PV to affect the marketability of the property. Just under half of the lenders that responded thought it would affect marketability with almost as many being unsure about this. Two lenders did not expect it to affect marketability. These results are shown in Graph 4.11 below.

GRAPH 4.11 – SOLAR PV AND MARKETABILITY



Question 11 asked lenders to comment further on why solar PV might impact the marketability of property. Graph 4.12 below shows that two reasons were most frequently selected by both types of lenders and across the four size bands. These were customer unfamiliarity with solar PV and customer concerns about maintenance. It is also interesting to note that a significant number of lenders highlighted concerns about the negative visual impact of solar PV.

GRAPH 4.12 – REASONS WHY SOLAR PV MIGHT AFFECT MARKETABILITY



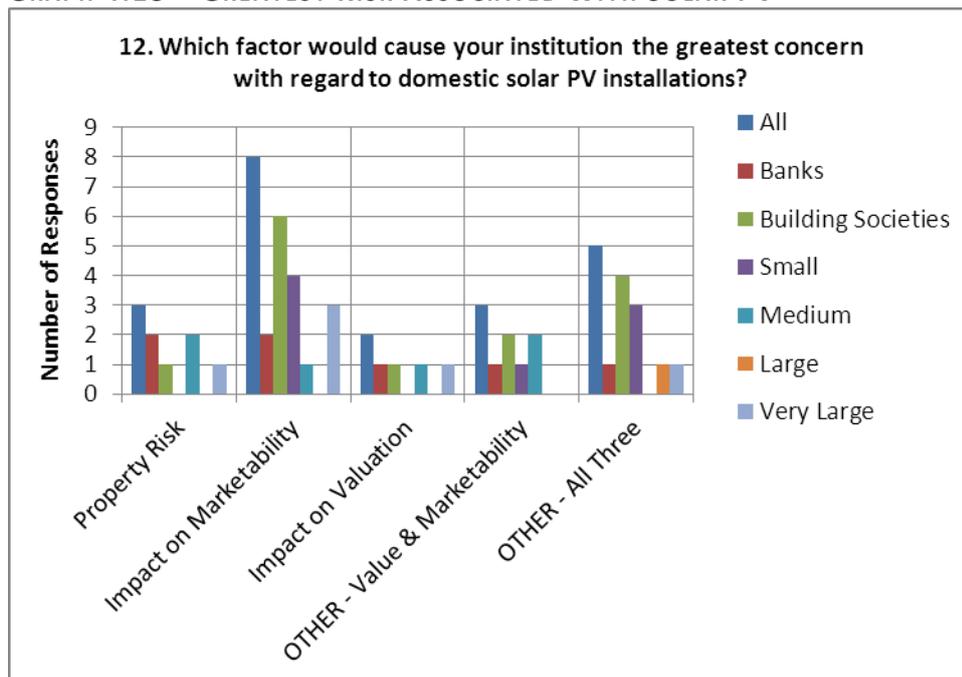
In addition to the reasons analysed in Graph 4.12, lenders provided a number of other comments on how the presence of solar PV might impact on the general marketability of a property. These are listed in Table 4.4 below.

Table 4.4 – Other Reasons why Solar PV might Impact Marketability

Other Reasons why Solar PV might Impact Marketability	Lenders Mentioning This
Panels could have an overall positive impact on saleability	1
Energy Savings could have a positive impact on saleability	1
Negative impact if badly installed	1
Surveyor to advise on risks affecting Marketability	1
Concern about contractual restrictions associated with solar PV	2
Energy Benefits Not Clear/Guaranteed	2
Concern about technology becoming obsolete	2

Question 12 sought to establish which risks posed the greatest concern for lenders with regards to solar PV installations – property risk, marketability or valuation. Graph 4.13 below shows that the impact on marketability was most frequently of greatest concern. In addition one quarter of respondents thought all three risks were of equal concern. Smaller numbers of lenders highlighted property risk and valuation risk in isolation.

GRAPH 4.13 – GREATEST RISK ASSOCIATED WITH SOLAR PV

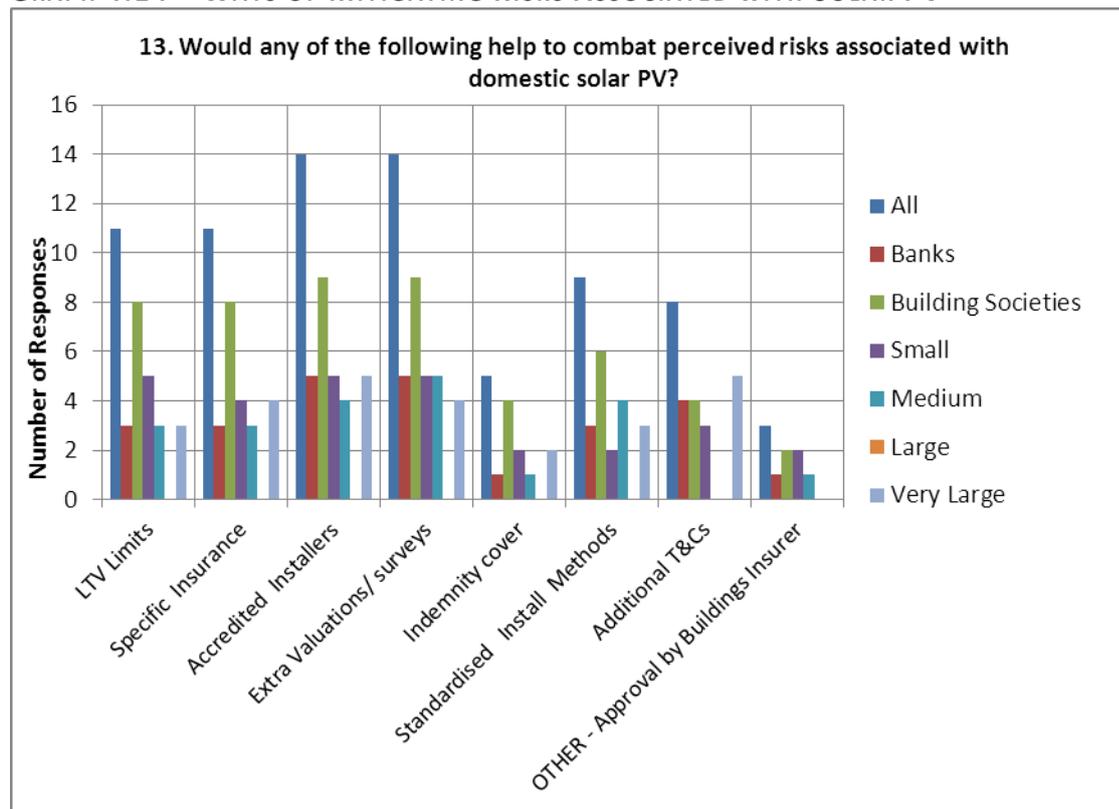


Question 13 dealt with lenders views on possible ways of mitigating perceived risks associated with domestic solar PV. From Graph 4.14 below it can be seen that ‘Extra Valuations/Surveys’ and ‘Accreditation for Installers’ were both selected by two thirds of lenders responding.

Three lenders specifically mentioned the importance of ensuring that Buildings Insurance providers had given their approval and that insurance wasn’t undermined by the installation of solar PV. When this figure is combined with the number of respondents valuing ‘specific insurance’, it can be seen that Insurance related responses were selected almost as frequently as ‘Extra Valuations/Surveys’ and ‘accreditation of installers’.

Around half of all respondents thought that placing limits on LTV could help to combat perceived risk associated with solar PV. A little less than half thought that standardised installation systems and methods could reduce perceived risk. Indemnity cover was the least popular option, if insurance related responses are grouped together, with only a quarter of respondents indicating that this was an effective approach.

GRAPH 4.14 – WAYS OF MITIGATING RISKS ASSOCIATED WITH SOLAR PV



Lenders made a number of other comments and suggestions regarding mitigating risks associated with solar PV. These are described in Table 4.5 below. One very large lender advised that the risk was insufficient to justify the costs associated with updating IT systems; however this might change once further sustainability measures started to become more common as a result of the Green Deal in 2012.

Table 4.5 – Comments regarding Mitigation of Risks for Solar PV

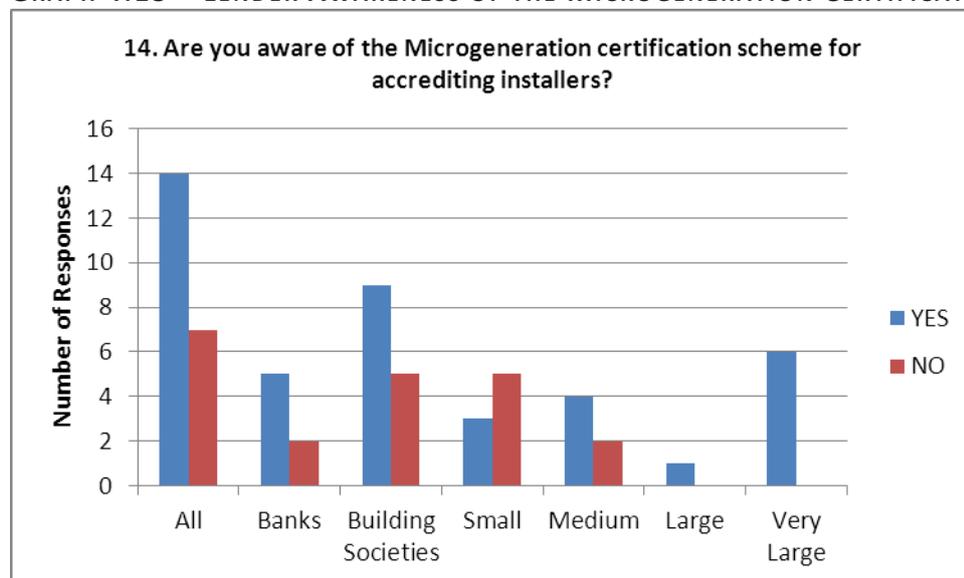
Comments on Mitigating Risk Associated with Solar PV	Lenders Mentioning This
Use of Offer conditions to ensure accreditation was verified	1
A Guarantee on Installation from Providers	1
Current accreditation process is weak (Scope for more stringent approach)	1
Regulation of the PV industry (installation and maintenance)	1
Risk is low for most installations	1
Risk not sufficient to justify cost of IT Systems change	1

4.4.5 Accreditation of Installers

Question 14 asked whether lenders were aware of the Microgeneration Certification Scheme (MCS). Installers must be accredited under this scheme in order for domestic solar PV to be eligible for the Feed-in Tariff. Two thirds of respondents had heard of the scheme. A greater proportion of banks (71%) over building societies (64%) were aware of the scheme and awareness consistently increased with the size of the institutions responding. A majority of small institutions had not heard of the scheme. This picture is illustrated in Graph 4.15 below.

Considering that a significant number of lenders listed ‘accreditation of installers’ as an effective means of reducing risks associated with solar PV, it would seem a useful exercise to better publicise the MCS accreditation scheme amongst lenders. As noted above in Table 3.5 though, one respondent held the view that the MCS accreditation process didn’t appear to be very stringent and therefore it didn’t currently provide much assurance for lenders in terms of the quality of the installation. The same lender also noted that there were several different trade bodies for solar PV.

GRAPH 4.15 – LENDER AWARENESS OF THE MICROGENERATION CERTIFICATION SCHEME

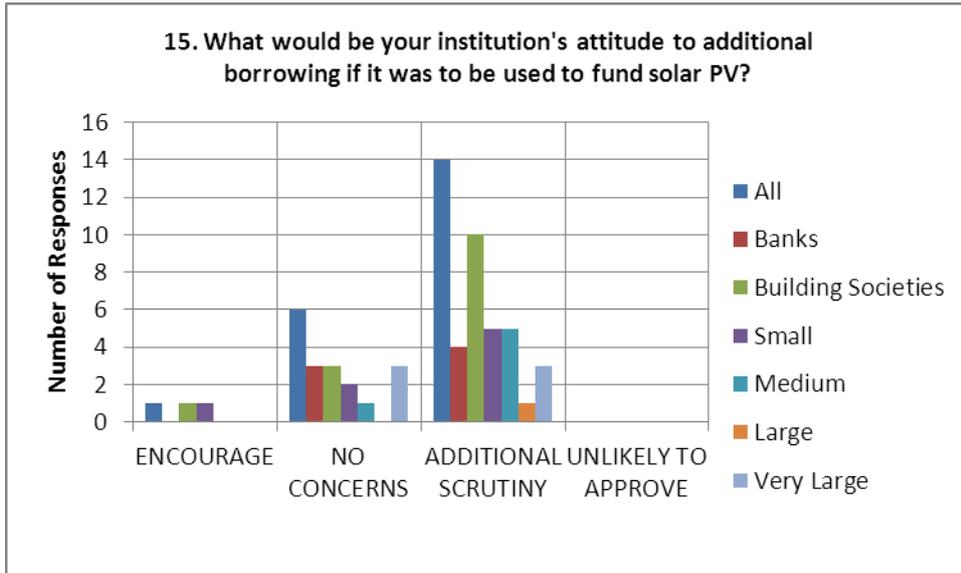


4.4.6 Additional Borrowing and Solar PV

Survey questions 15, 16, 17 and 18 dealt with lender’s attitudes to additional borrowing for solar PV. Question 15 asked whether lenders would ‘encourage’, have ‘no concerns’, require ‘additional scrutiny’ or be ‘unlikely to approve’ additional borrowing. One lender offered discounts to encourage its customers to invest in technologies like solar PV while a further six lenders had ‘no concerns’ about additional borrowing for this purpose. However two thirds of lenders said that they would need to give additional scrutiny to applications relating to solar PV. Amongst these lenders building societies were significantly more likely to require additional scrutiny than banks.

Although most lenders showed some caution when dealing with solar PV, none of the sample said they would be ‘unlikely to approve’ additional borrowing. This is encouraging news for homeowners wanting to invest in solar PV. It is also interesting to note that the very large lenders were split equally between ‘no concerns’ and ‘additional scrutiny’. This could provide further encouragement for homeowners due to the substantial market share controlled by these institutions. These results are shown in Graph 4.16 below.

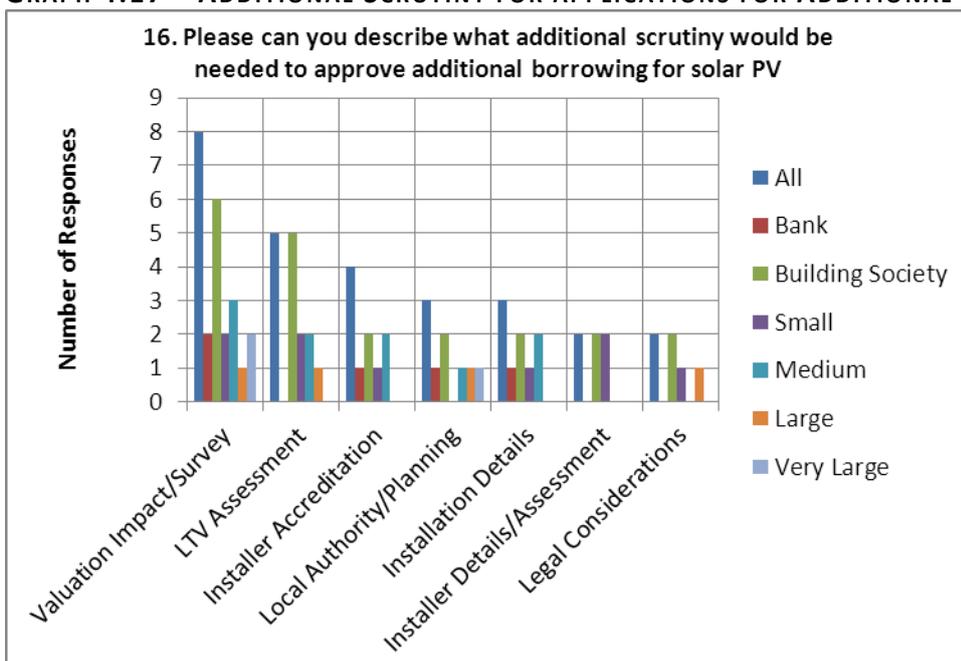
GRAPH 4.16 – LENDER ATTITUDES TO ADDITIONAL BORROWING FOR SOLAR PV



Question 16 sought to gain further insight into the kinds of additional scrutiny that lenders would apply to additional borrowing for solar PV. This was an open question with responses being categorised to support a numerical analysis. Results are presented in Graph 4.17 below. A total of eight lenders would consider a valuation or survey as part of the additional borrowing assessment. A further five, all building societies, would assess LTV. Installer accreditation, planning considerations and installation details would also receive attention from some lenders.

As well as the additional scrutiny described in Graph 4.17 a number of other factors were mentioned by at least one lender. These included reviews of the borrower profile and past loan performance, property location and the use of manual underwriting to assess applications. Other lenders advised that they would ‘assess the overall impact on security’, or assess each case on its own merits. However at least two lenders advised that the standard criteria used for any other additional borrowing applications would apply, with no special consideration being made for solar PV.

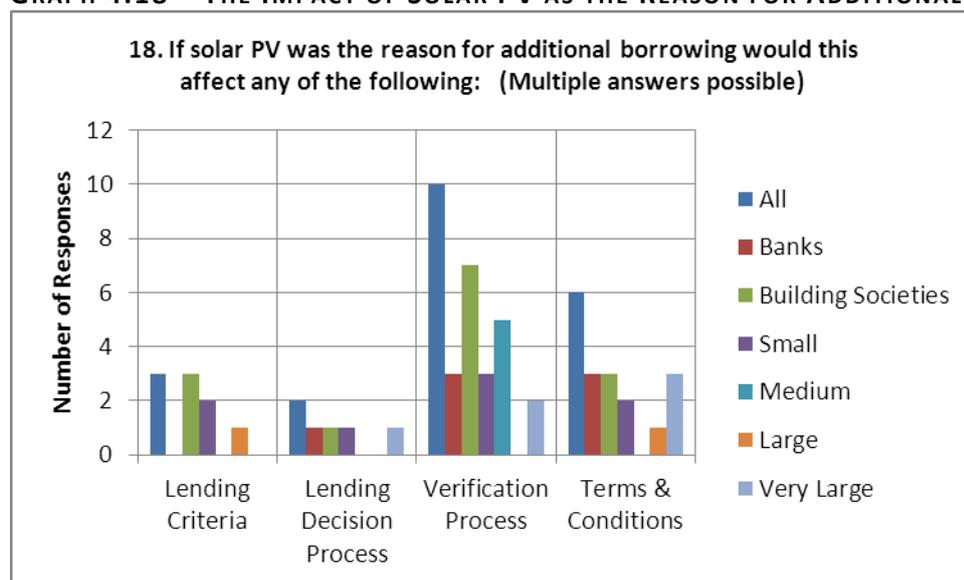
GRAPH 4.17 – ADDITIONAL SCRUTINY FOR APPLICATIONS FOR ADDITIONAL BORROWING



Question 17 was designed to explore reasons why additional borrowing might be refused for solar PV. As noted above (question 15), no lenders in the sample would decline further borrowing because it was for solar PV, hence no results are presented graphically here for question 17. One lender did however comment that a detrimental valuation relating to solar PV might cause an additional borrowing application to be declined.

Question 18 sought to understand whether the application or underwriting process for additional borrowing might be impacted because the funds were requested for solar PV. As can be seen in Graph 4.18, this question revealed some useful insights. If the reason for borrowing was solar PV the verification process would be impacted for around half of all lenders. Table 4.6 below provides additional information on the different types of verification that lenders would require.

GRAPH 4.18 – THE IMPACT OF SOLAR PV AS THE REASON FOR ADDITIONAL BORROWING



Graph 4.18 also shows that a number of lenders thought that terms and conditions might also be affected. This included two lenders who advised that offer conditions could be used to ensure that additional verification occurred before funds were released and, as mentioned above, one lender offered improved terms for borrowing to fund sustainability measures. Similar to responses given above some lenders emphasised that each case would be assessed on its own merits whilst others re-iterated that solar PV wouldn't warrant special treatment.

Table 4.6 – Extra Verification for Additional Borrowing relating to Solar PV

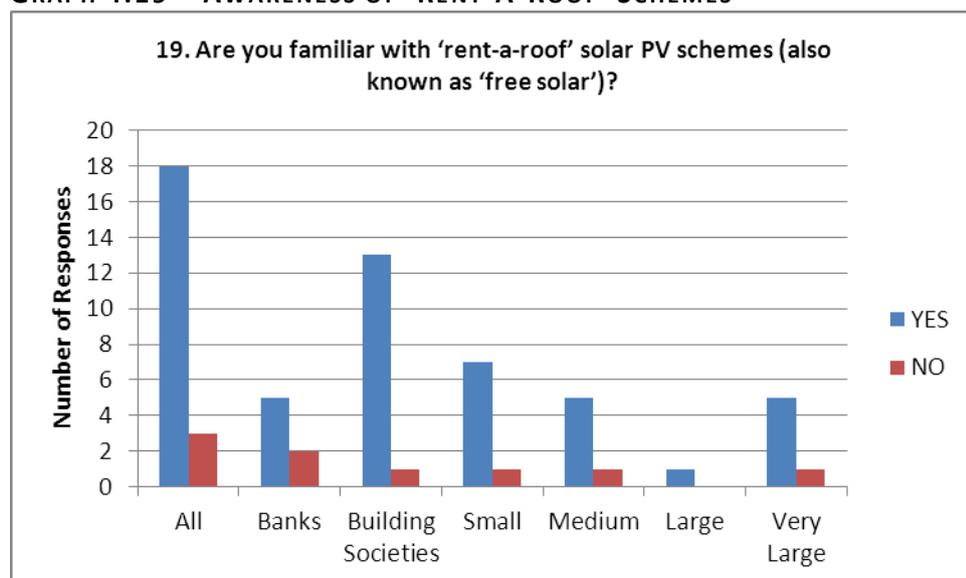
Type of Verification	Lenders Mentioning This
Installer Accreditation	2
Installation Details	2
Installer Details	1
Insurer Approval	2
Planning Consent	1
A Valuation or Survey	2
Evidence of purchase to support lender discount	1

4.4.7 Consenting 'Rent-a-roof'

Questions 19 to 27 dealt with the attitudes of mortgage lenders to roof-leasing or 'rent-a-roof' schemes. As noted above the CML and BSA produced joint guidance for roof leasing in June 2011.

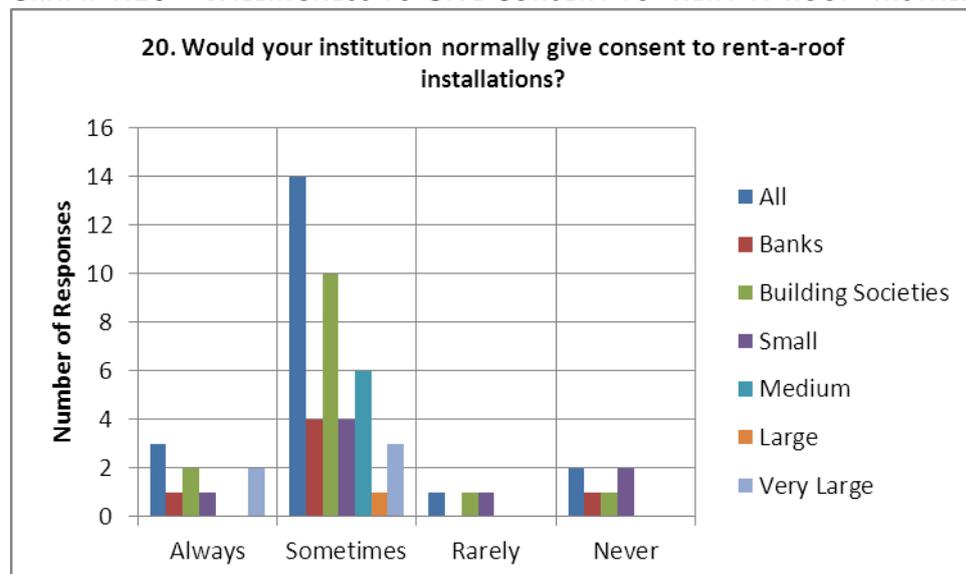
Question 19 explored lenders awareness of roof-leasing schemes. Results are shown in Graph 4.19 below. Six out of seven lenders had heard of roof-leasing including a majority of lenders across all size bands. More banks than building societies had not heard of roof leasing amongst the sample.

GRAPH 4.19 – AWARENESS OF 'RENT-A-ROOF' SCHEMES



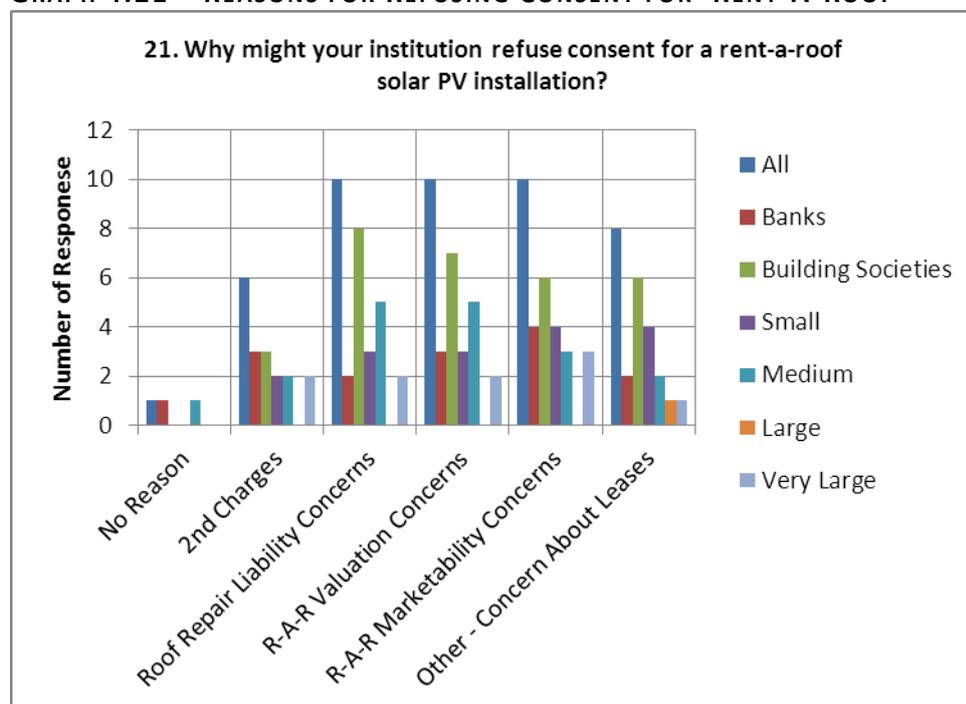
Question 20 sought to establish how frequently lenders would give consent to roof-leasing schemes. This generally provided a positive picture with 17 lenders advising that they would 'always' or 'sometimes' give consent. Three lenders advised that they would 'rarely' or 'never' give consent. Similar to question 2 above, a number of lenders suggested that an option of 'usually' would have been more appropriate meaning the actual picture may be more positive here as well. One lender declined to answer this question and hence only responses are reported in Graph 4.20 below.

GRAPH 4.20 – WILLINGNESS TO GIVE CONSENT TO 'RENT-A-ROOF' INSTALLATIONS



Question 21 was a multiple choice question which sought more detail about why lenders might refuse consent for rent-a-roof. Graph 4.21 below provides an analysis of the most common answers.

GRAPH 4.21 – REASONS FOR REFUSING CONSENT FOR ‘RENT-A-ROOF’



Fears about the impact of roof-leasing contracts on marketability caused the greatest concern amongst the banks whilst liability for roof repairs was reported as the greatest concern amongst the building societies sampled. The additional category of ‘Concern about Leases’ refers to general comments made by several lenders. Some further insight was provided into what this might mean by comments made elsewhere in the survey. These comments highlighting that concerns over the lease often related to whether or not the lease gave lenders protection in terms of enabling them to have panels removed if they were inhibiting resale, particularly in the context of repossession.

Additional comments were also provided by lenders regarding question 21. These are summarised in Table 4.7 below.

Table 4.7 – Additional Comments Regarding Reasons for Refusing Rent-a-Roof

Comments relating to Refusing Consent for Rent-a-Roof	Lenders Mentioning it
No concerns as CML lease provides huge amount of protection for lenders	1
Concerns if the lease contained no ‘break clause’ to protect the lender	1
Ensuring customer aware of terms and significance of the lease	1
Concerns raised by National Surveyors Forum	1
Concern about providers going bust	1
25 year tie-in period	1
Concerns about ‘sitting tenant’ in the property	1
Verification – structural survey, planning consent, insurer approval	1
Installers requesting cart-blanche approval have been declined	1

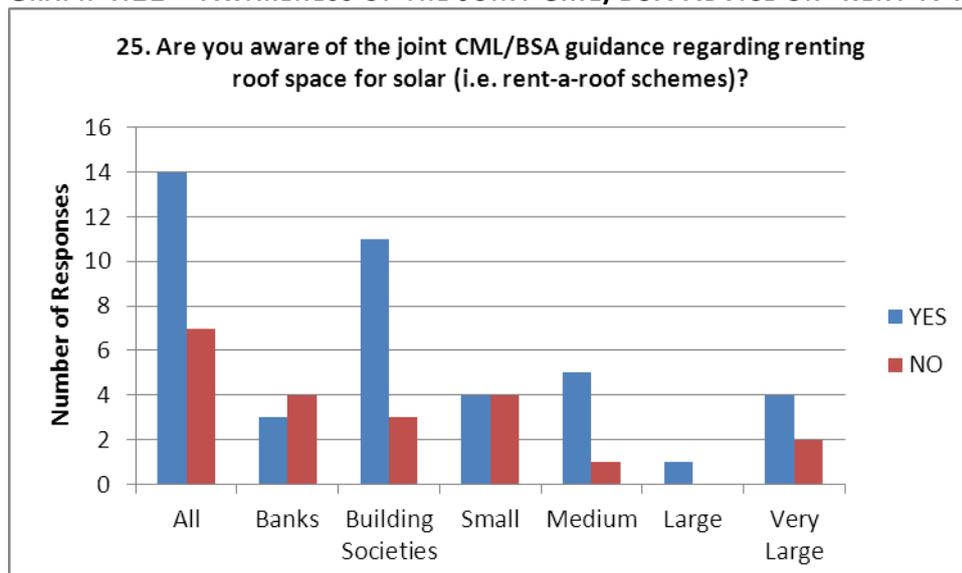
Questions 22, 23 and 24 were open questions seeking to explore specific concerns about second charges and the impact of rent-a-roof on the property valuation or marketability. Too few responses were provided by lenders to these questions to make a statistical analysis useful. Therefore a selection of significant comments is presented in Table 4.8 below instead.

Table 4.8 – Comments on Rent-a-Roof 2nd Charges, Valuations and Marketability

Comments regarding Rent-a-roof and 2nd Charges
It would just be how much is the second charge. Ultimately if it's a second charge it doesn't affect our first charge. Our loan would always get paid off first. We would have to look at the terms of the second charge, how much for, how long last, payment terms. It could cause issues for the borrower. It's about how it affects them rather than how it affects the first charge.
We would want any second charge postponed in our favour - the bank's lending takes priority
We would need to understand in full the nature of the agreements before we would agree. If we were comfortable with the contracts and supplier then in the longer term it is most likely that we would consent based on a specific firm basis (i.e. installation firm basis).
The lease is restrictive for a mortgagee in possession, and it's unclear about whether The lender can 'turn off' the panels on (re)possession etc...
The lease agreement that I have seen all require the property in the case of default to be marketed with the PV in place for a period of 6 months, this could be costly. As of yet the market is young and not enough data exists to suggest whether this is an issue or not.
Comments regarding Rent-a-roof and Valuations
Again I think it stems back that to view that they are unsightly. It affects saleability and so does it affect valuation. It's mainly just the appearance of solar. I can't envisage that the FIT being paid to the installer would impact the valuation. More a question of does it impact saleability that PV is installed on the roof? Not concerned about customer tie in for the rent a roof contract. There could be some people who argue that because they are using the solar panels it could be more marketable.
We would be asking surveyors to make allowances for rent-a-roof with insufficient evidence. I think we would be asking the valuers to provide an estimate of the value with the rent a roof scheme and without and until there is more evidence I can see this causing a slight problem
Valuers would need full details of works to be carried out and comfort regarding the Solar PV installers. As long as the installers conformed to the CML recommended lease, which we have adopted, this should mitigate concerns.
Comments regarding Rent-a-roof and Marketability
I'm not familiar with rent-a-roof contracts to say if there are any specific risks. Scrutiny is needed to ensure property is saleable. We wouldn't want the firm coming in to take it off to have to give notice. Could be problematic if we have to give notice as if the property is repossessed we would want it taken off now - not in 6 months time. This sort of thing is covered in the CML/BSA pro-forma though.
Also if the company goes bust, what about implications for resale? Resale could be obstructed because the company which owns the lease is in bankruptcy.
You have effectively got what you call a 'sitting tenant' for 25 years - at some point that's going to create a problem. In a busy market on average people move every 5 to 10 years. To put it on for 25 years - it's so long term.
Would reduce the market appeal
We would rely on the Valuer to confirm whether installation would affect marketability.
If the solar PV was purchased on a lease basis the terms of the lease may affect the marketability of the property. Some lease do not provide for a property in possession to have the equipment removed.

Question 25 sought to establish whether lenders were aware of the joint CML/BSA guidance for consenting rent-a-roof. Two thirds of lenders were aware of this advice with the smallest lenders least likely to be aware of this advice. One third of respondents at very large lenders were also unaware of the advice however this may stem from the fact that the roles of respondents tended to be more specialised at the larger lenders and hence knowledge of this guidance may have fallen outside the remit of some respondents. These results are visible in Graph 4.22 below.

GRAPH 4.22 – AWARENESS OF THE JOINT CML/BSA ADVICE ON ‘RENT-A-ROOF’ CONSENTING



Questions 26 asked lenders that were aware of the CML/BSA guidance whether they had any additional terms or conditions they would apply beyond those detailed in the CML/BSA advice. Question 27 asked a similar question for respondents that were not aware of the CML/BSA guidance.

Answers to these questions were limited but a total of seven lenders confirmed that they had adopted the CML/BSA guidance. This included two very large lenders, three medium sized lenders and two small lenders. Of these, all were building societies, apart from one very large lender.

One of the two very large Lenders that responded to the survey had played a leading role in devising the CML/BSA advice and expressed confidence that the terms covered by this minimum guidance provided substantial protection for lenders which was sufficient for most concerning scenarios relating to ‘roof-leasing’ schemes.

Lenders generally had very little to add to the CML/BSA guidance however a number did mention other requirements. These are detailed in table 4.9 below.

Table 4.9 – Lender Requirements for Rent-a-Roof Providers

Requirements for 'Rent-a-roof' Providers	Lenders Mentioning This
Lender relies on the CML/BSA guidance	7
Require sight of the lease before giving approval	2
Require a solicitor to examine the lease before approval	1
Panel Providers are required to enter into the Bank's deed of agreement. A list of such companies is retained	1
No arrears must exist on the case	1
Reserve the right to consider each case individually	1
Will not give cart-blanche approval to panel providers but require the lease to be approved for each installation	2
Few requests received and so no specific policy in place	3

5.0 Recommendations for Future Action

The picture of lenders attitudes towards solar PV presented above is generally a positive one. Lenders seem happy to give consent to homeowners to install solar PV and are willing to provide additional borrowing to fund these installations. In addition many lenders are happy to consent to solar PV installed through roof-leasing or 'rent-a-roof' schemes.

However, the survey points to a lack of familiarity with the technology amongst lenders, uncertainty about associated risks and insufficient data on how solar PV affects the value and saleability of domestic property. This suggests that there are a number of opportunities for engaging with lenders, panel providers and the public in order to maximise take-up of domestic solar PV. These are described further below and summarised in table 5.1.

5.1 Consenting Solar PV

Although many lenders do seem happy to give consent to solar PV, many require extra information when considering such requests. As such an obvious 'quick win' would be to publicise the kinds of information most commonly sought by lenders for the purposes of consenting solar PV.

It would be useful to publicise this information amongst homeowners, who are likely to be commissioning solar PV, and amongst panel providers who will be in a position to provide technical and financial information. It could be useful to work with lender organisations such as the BSA and CML to produce a comprehensive list of required information.

Recommendation 1: Publicise the types of information required by lenders when consenting domestic solar PV to homeowners and panel providers.

5.2 Solar PV and Perceived Risks

One way of reducing uncertainty about the risks associated with solar PV installations would be to increase knowledge of solar PV amongst lenders, valuers and surveyors. This should include technical information about how systems work and the methods used to install them on domestic properties. Typical areas of concern relate to the impact of solar PV on the roof structure, methods for attaching panels and how they are connected into the home electrical system. Mortgage Industry bodies such as the BSA and CML may be able to assist this process as should Solar PV industry bodies and trade associations.

Recommendation 2: Promote greater knowledge of solar PV systems and installation methods amongst the Mortgage Industry in order to reduce perceived risks.

There seems to be little that can be done in the short-term to reduce uncertainty about the impact of solar PV on property value and marketability. However there may be opportunities for longer term action on this front. This could include engaging with all parties involved in the end-to-end process of delivering domestic solar PV to understand what information is missing and how this data could be better captured and communicated. Lenders, installers, valuers and surveyors and homeowners should probably all be consulted.

There could also be opportunities for employing technology to improve the process. For instance the MCS Installation database could be integrated with other online systems to enable valuers and surveyors to easily check that solar PV has been fitted by an accredited installer.

In addition there may be value in further research to understand the experience of the Mortgage and Solar PV industries in other countries such as Germany and Spain where Feed-in Tariffs have been available for longer.

Recommendation 3: Engage with the Mortgage Industry to identify how to improve understanding of the impact of solar PV on Property Value and Marketability.

5.3 Accreditation of Installers

This research highlighted both that lenders value accreditation of installers as a means of combatting some of the perceived risks associated with solar PV, and that some lenders were not aware of the Microgeneration Certification Scheme which installers must belong to for panels to be eligible for the Feed-in Tariff. Consequently a 'quick win' in terms of reducing perceived risk would be to further publicise the MCS Accreditation scheme amongst lenders and other mortgage industry players. The same action would also be useful for the similar CEN Solar Keymark Scheme and the REAL Assurance Scheme. There may also be value in MCS talking with lenders and other industry players to understand what they are looking for from an accreditation process in case there are opportunities to strengthen the scheme.

Recommendation 4: Publicise the MCS Accreditation Scheme and similar Schemes amongst Lenders as a means of reducing perceived risks associated with solar PV.

5.4 Additional Borrowing and Solar PV

It was noted during this research that Ecology Building Society appears to be the only UK lender offering products specifically designed to encourage take-up of solar PV and other sustainability systems. This is puzzling because if one lender sees commercial opportunity in promoting lending for solar PV, why don't other lenders see similar opportunities? This could mean there are opportunities to engage with other lenders to encourage products that promote domestic renewables.

Certainly where homeowners have significant equity in their property the risks to the security of the mortgage posed by solar PV seem to be small. The impact on affordability should also be limited because the Feed-in Tariff can provide a guaranteed income and solar PV should help to cut domestic energy bills giving homeowners more disposable income.

Meanwhile this could offers banks in particular a rare opportunity to gain some positive publicity on account of the fact that encouraging solar PV would mean doing their bit to reduce carbon emissions, minimise consumer energy bills and reduce reliance on fuel imports. Furthermore easing access to finance for domestic solar PV could provide a much needed boost for the UK solar industry which currently faces uncertainty due to the pending review of the Feed-in Tariff for solar PV.

Recommendation 5: Encourage more lenders to promote solar PV and other domestic renewables by offering favourable lending terms for additional borrowing.

5.5 Consenting ‘Rent-a-Roof’

The results of the survey suggested a mixed response amongst lenders to roof-leasing or rent-a-roof schemes. However there has already been concerted action by the CML and BSA to determine and document minimum requirements to ensure lenders are protected when giving consent to rent-a-roof installations. Not all lenders seem to be aware of the availability of this guidance and hence some lenders had real concerns about the risks posed by rent-a-roof.

An obvious action would therefore be to promote awareness of the joint CML/BSA guidance amongst all UK lenders. It is also useful to note the additional measures adopted by some lenders such as the requirement for panel providers to sign a contract with the lender to provide additional cover in particular with regard to the lenders right to have panels removed in the event of repossession.

It is also worth highlighting the additional advice available from the CML with regard to roof-leasing and affordable housing. Within this advice specific concerns are raised to do with Joint Ventures for delivery of rent-a-roof schemes. It may be useful to explore these issues further.

Recommendation 6: Publicise the joint CML/BSA advice on minimum requirements for consenting rent-a-roof installations and related advice for affordable housing amongst lenders.

Table 5.1 – Summary of Recommendations for Future Action

Recommendation	Action	Refer to Section
1	Publicise the types of information required by lenders when consenting domestic solar PV to homeowners and panel providers	5.1
2	Promote greater knowledge of solar PV systems and installation methods amongst the Mortgage Industry in order to reduce perceived risks	5.2
3	Engage with the Mortgage Industry to identify how to improve understanding of the impact of solar PV on Property Value and Marketability	5.2
4	Publicise the MCS Accreditation Scheme and similar Schemes amongst Lenders as a means of reducing perceived risks associated with solar PV	5.3
5	Encourage more lenders to promote solar PV and other domestic renewables by offering favourable lending terms for additional borrowing	5.4
6	Publicise the joint CML/BSA advice on minimum requirements for consenting rent-a-roof installations and related advice for affordable housing amongst lenders	5.5

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Glossary

Term	Meaning
BSA	The Building Societies Association
CML	The Council of Mortgage Lenders
FIT	The Feed-in Tariff - a government scheme which pays a guaranteed tariff to generators of small-scale renewable energy for every KWh produced
KWh	Kilowatt Hour - a unit for measuring electricity generation
LTV	Loan-to-Value - the ratio of the amount of the mortgage loan to the value of the property which it is secured against
MCS	Microgeneration Certification Scheme - an accreditation scheme for installers of renewable energy systems. Installers must be MCS accredited for the installation to qualify for the feed-in tariff
'Rent-a-roof'	A term used to describe 'free solar' schemes whereby providers rent domestic roof space from homeowners to house solar PV systems. The homeowner benefits from free or low cost electricity whilst the installer earns the FIT tariff accruing to the system
RICS	Royal Institute of Chartered Surveyors
Solar PV	Solar Photovoltaic panels used to generate electricity from the sun's rays

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