

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-37511

Sunrun Inc.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-2841711
(I.R.S. Employer
Identification No.)

595 Market Street, 29th Floor
San Francisco, California
(Address of principal executive offices)

94105
(Zip Code)

Registrant's telephone number, including area code: (415) 580-6900

Securities registered pursuant to Section 12(b) of the Act: Common Stock, Par Value \$0.0001 Per Share; Common Stock traded on the NASDAQ Global Select Stock Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES NO

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The NASDAQ Stock Market on, June 30, 2017 (the last business day of the Registrant's most recently completed second fiscal quarter) was approximately \$591.3 million.

The number of shares of Registrant's Common Stock outstanding as of March 2, 2018 was 107,730,204.

Portions of the information called for by Part III of this Form 10-K is hereby incorporated by reference from the definitive Proxy Statements for our annual meeting of stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2017.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.

The discussion in this Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our ability to finance solar energy systems through financing arrangements with fund or other investors;
- our ability and intent to establish new investment funds;
- our dependence on the availability of rebates, tax credits and other financial incentives;
- determinations by the Internal Revenue Service or the U.S. Treasury Department of the fair market value of our solar energy systems;
- the retail price of utility-generated electricity or electricity from other energy sources;
- regulatory and policy development and changes;
- our ability to maintain an adequate rate of revenue growth;
- our industry's continued ability to cut costs associated with solar service offerings;
- our strategic partnerships and expected benefits of such partnerships;
- the sufficiency of our cash, investment fund commitments and available borrowings to meet our anticipated cash needs;
- our need to raise capital and finance our operations from new and existing investors;
- the potential impact of interest rates on our interest expense;
- our business plan and our ability to effectively manage our growth;
- our ability to further penetrate existing markets, expand into new markets and our expectations regarding market growth (including, but not limited to, expected cancellation rates);
- our expectations concerning relationships with third parties, including the attraction and retention of qualified channel partners;
- the impact of seasonality on our business;
- our investment in research and development;
- our expectations regarding certain performance objectives;
and
- the calculation of certain of our key financial and operating metrics and accounting policies.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will

be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report on Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the Securities and Exchange Commission (the "SEC") as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

PART I

Item 1. Business.

Overview

Sunrun's (the "Company") mission is to provide homeowners with clean, affordable solar energy and storage, and a best-in-class customer experience. In 2007, we pioneered the residential solar service model, creating a hassle-free, low-cost solution for homeowners seeking to lower their energy bills. By removing the high initial cost and complexity that used to define the residential solar industry, we have fostered the industry's rapid growth and exposed an enormous market opportunity. Our relentless drive to increase the accessibility of solar energy is fueled by our enduring vision: to create a planet run by the sun.

We provide clean, solar energy to homeowners at a significant savings to traditional utility energy. We also offer battery storage along with solar systems to our customers in select markets. After inventing the residential solar service model and recognizing its enormous market potential, we have built the infrastructure and capabilities necessary to rapidly acquire and serve customers in a low-cost and scalable manner. Today, our scalable operating platform provides us with a number of unique advantages. First, we are able to drive distribution by marketing our solar service offerings through multiple channels, including our diverse partner network and direct-to-consumer operations. This multi-channel model supports broad sales and installation capabilities, which together allow us to achieve capital-efficient growth. Second, we are able to provide differentiated solutions to our customers that, combined with a great customer experience, we believe will drive meaningful margin advantages for us over the long term as we strive to create the industry's most valuable and satisfied customer base.

Our core solar service offerings are provided through our lease and power purchase agreements which we refer to as our "Customer Agreements" which provide homeowners with simple, predictable pricing for solar energy that is insulated from rising retail electricity prices. While homeowners have the option to purchase a solar energy system outright from us, most of our customers choose to buy solar as a service from us through our solar service offerings and enjoy the flexibility and savings that come from purchasing solar energy without the significant upfront investment of purchasing a solar energy system. With our solar service offerings, we install solar energy systems on our customers' homes and provide them the solar power produced by those systems for a 20-year initial term. In addition, we monitor, maintain and insure the system at no additional cost to our customers during the term of the contract. In exchange, we receive 20 years of predictable cash flows from high credit quality customers and qualify for tax and other benefits. We finance portions of these tax benefits and cash flows through tax equity and non-recourse debt structures in order to fund our upfront costs, overhead and growth investments. We develop valuable customer relationships that can extend beyond this initial contract term and provide us an opportunity to offer additional services in the future, such as our home battery storage service now being offered in Hawaii and California markets. Since our founding, we have continued to invest in a platform of services and tools to enable large scale operations for us and our partner network. The platform includes processes and software, as well as fulfillment through AEE Solar, racking through SnapNrack and acquisition marketing through Clean Energy Experts, LLC ("CEE"). We believe our platform empowers new market entrants and smaller industry participants to profitably serve our large and underpenetrated market without making the significant investments in technology and infrastructure required to compete effectively against established industry players by improving efficiencies and driving down system-wide costs. Our platform provides the support for our multi-channel model, which drives broad customer reach and capital-efficient growth.

Delivering a differentiated customer experience is core to our strategy. We emphasize a customized solution, including a design specific to each customer's home and pricing configurations that typically drive both customer savings and value to us. We believe that our passion for engaging our customers, developing a trusted brand, and providing a customized solar service offering resonates with our customers who are accustomed to a traditional residential power market that is often overpriced and lacking in customer choice.

We have experienced substantial growth in our business and operations since our inception in 2007. As of December 31, 2017, we operated the second largest fleet of residential solar energy systems in the United States, with approximately 180,000 customers across 22 states, as well as the District of Columbia. We have deployed an aggregate of 1,202 megawatts ("MW") as of December 31, 2017, and our Gross Earning Assets as of December 31, 2017 were approximately \$2.2 billion. Please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Operating Metrics" for more details on how we calculate Megawatts Deployed and Gross Earning Assets.

We also have a long track record of attracting low-cost capital from diverse sources, including tax equity and debt investors. From inception through March 2, 2018, we have raised tax equity investment funds to finance the previous and future installation of solar energy systems with an estimated value of \$6.2 billion.

Our Multi-Channel Capabilities

Our unique, multi-channel capabilities offer consumers a compelling solar service through scalable, cost-effective and consumer-friendly channels. Homeowners can access our products through three channels: direct-to-consumer, solar partnerships and strategic partnerships.

Direct-to-Consumer

We sell solar service offerings and install solar energy systems for homeowners through our direct-to-consumer channel. These solar energy systems are offered to homeowners either under a Customer Agreement or for purchase. This channel consists of an online lead generation function, a telesales and field sales team, a direct-to-home sales force, a retail sales team and an industry-leading installation organization.

Solar Partnerships

We contract with diverse solar organizations that act as either exclusive or non-exclusive (depending on the terms of their contract with us) distributors of our solar service offerings and subcontractors for the installation of the related solar energy systems. Because of our commitment to these solar organizations and our vested interest in their success, we refer to them as our "solar partners," although the actual legal relationship is that of an independent contractor. Our solar partners include:

- Solar integrators: trained and trusted partners who originate customers for our solar service offerings and procure and install the solar energy systems on our customers' homes on our behalf as our subcontractors. Partnerships with solar integrators allow us to expand our brand, quickly enter new markets and drive capital-efficient growth. We compensate our solar integrators on a per solar energy system basis for generating Customer Agreements for us and installation work they perform for us.
- Sales partners: sales and lead generation partners who provide us with high-quality leads and customers at competitive prices. We compensate our sales partners on a per customer basis for the sales and lead generation services they perform for us. All contracts are between the customer and us, based on a price set by us.
- Installation partners: trusted installation partners who procure and install a subset of our solar energy systems as our subcontractors and allow us to more efficiently deploy a mix of in-house and outsourced installation capabilities. We compensate our installation partners on a per solar energy system basis for the procurement of materials and installation work they perform for us. Installation partners are solely our subcontractors and do not enter into any agreements with our customers.

Our ability to connect specialized sales and installation firms on a single platform, which we license to our solar partners at no cost, allows us to enjoy the benefits of vertical integration without the additional fixed cost structure. This creates margin opportunities, system efficiencies and benefits from network effects in matching these ecosystem participants.

Strategic Partnerships

Our strategic partnerships encompass relationships with new market entrants not previously engaged in solar, including cable, consumer marketing, retail and specialized energy retail companies. Our strategic partners find the residential solar market attractive, but recognize that significant barriers to entry make partnerships the preferred method to reach solar customers. Through these strategic arrangements, we typically market our solar service offerings to the strategic partner's customer base and install the solar energy systems directly or through one of our solar partners. We manage the customer experience and retain the value of the economic relationship through the term of the homeowner's contract and potential renewal period. We have executed strategic partnerships in competitive processes that give us access to millions of potential customers. As our industry grows, we believe that our unique platform and deep partnership experience position us to be the partner of choice for new market entrants. We believe that these broad strategic relationships will help us drive down our customer acquisition costs and make solar accessible to even more homeowners.

The combination of direct-to-consumer, solar partnerships and strategic partnerships offers distinct advantages. The direct-to-consumer channel allows us to scale rapidly, drive incremental unit costs down over the long term, and refine operational processes to share with our partners. Our solar partnerships and strategic partnerships enable nimble market entry and exit, while allowing for capital efficient growth. Together, this multi-channel strategy supported by our open platform allows us to reach more customers with our leading solar service without compromising our ability to provide exceptional customer service.

Customer Agreements

Since we were founded in 2007, we have been providing solar energy to residential customers at prices typically below utility rates through a variety of offerings, most commonly through our leases and power purchase agreements which we refer to as our "Customer Agreements." Our two forms of Customer Agreements work the same way economically and have substantially the same contractual terms. Under our Customer Agreements, customers have the right to use and consume all electricity produced by the solar energy system. Either directly or through a partner, we construct a solar energy system on a customer's home which generates electricity at set prices through Customer Agreements which typically have an initial term of 20 years. Rates for both forms of our Customer Agreements can be fixed for the duration of the contract or escalated at a pre-determined percentage annually. Upon installation, a system is interconnected to the local utility grid. The home's energy usage is provided by the solar energy system with any additional energy needs provided by the local utility. Unless the solar energy system is connected to a battery, any excess solar energy that is not immediately used by our customers is exported to the utility grid using a bi-directional utility net meter, and the customer generally receives a credit for this excess power from their utility to offset future usage of utility-generated energy.

Although many of our homeowners choose to pay little-to-nothing upfront and instead receive a monthly bill, some customers choose to prepay an amount upfront, thereby reducing their monthly bill. The amount of an upfront payment is customized for each customer and typically ranges from \$0 to \$5,000 for customers paying monthly. Customers may also choose to fully prepay their 20-year contracts, and the average cost of these prepaid contracts is approximately \$15,500. The prepayment amount is based on the estimated amount of the solar energy system's output over the 20-year term of the Customer Agreement. If the estimated production of the solar energy system is less than the actual production for a given year after the first full year of the agreement, prepaid customers are refunded the difference at the end of each such year. If the solar energy system's energy production is in excess of the estimate, we allow customers to keep the excess energy at no charge. After the initial term of the Customer Agreement, customers have the option to renew their contracts for the remaining life of the solar energy system, typically at a 10% discount to then-prevailing power prices, to purchase the system from us at its fair market value, or have us remove the system.

Regardless of the type of Customer Agreement our customers choose, we operate the system and agree to monitor and maintain it in good condition at no cost to the customer. We offer an industry-leading performance guarantee to ensure that our customers are receiving the energy they expect at the price they expect. Our customers also receive up to a ten-year warranty for roof penetrations.

If a customer sells their home, the customer has the right to purchase the system or assign their Customer Agreement to the new homeowner, provided the new homeowner meets our credit requirements and agrees to be bound by the terms and conditions of the Customer Agreement. In connection with this service transfer, the customer may prepay all or a portion of the remaining payments due under the Customer Agreement to lower the monthly rate to be paid by the new homeowner. The amount of this prepayment may be reflected in the sales price of the home. If the customer fails to purchase the system or assign the agreement to a new homeowner, we may negotiate a Customer Agreement directly with the new homeowner on modified terms and/or look to the original customer for any past due or lost payments. We have completed thousands of service transfers and, from inception through December 31, 2017, the aggregate expected net present value of the Customer Agreements once assigned represented approximately 100% of what it was prior to assignment.

Sales and Marketing

We sell our solar energy offerings through a scalable sales organization using both a direct-to-consumer approach across online and offline channels and a diverse partner network that originates and/or installs our systems. We market and sell our products using direct channels, partner channels, mass media, digital media, canvassing, referral, retail, and field marketing. We sell to homeowners over the phone, in the field through canvassing and in-home sales and through retail sales channels through our strategic partners. We also partner with sales-only organizations that focus on direct-to-consumer marketing and sales on our behalf, typically with a Sunrun-branded offering at point of sale, which further increases our brand and reach. We believe that a customized, homeowner-focused selling process is important before, during and after the sale of our solar services.

We train our sales team to customize their consultative presentation to the individual homeowner based on guidelines and principles outlined in our training materials. We are able to provide our sales team with real-time data and pricing tools through our proprietary technology which is designed to generate a tailored product offering with optimized pricing based on the actual characteristics of a homeowner's home, including roof characteristics and shading, as well as actual energy usage. This allows our sales team to differentially price homes in the same geographic region quickly and effectively.

Competition

We believe that our primary competitors are the traditional utilities that supply electricity to our potential customers. We compete with these traditional utilities primarily based on price (cents per kilowatt hour), predictability of future prices (by providing pre-determined annual price escalations) and the ease by which homeowners can switch to electricity generated by our solar energy systems.

We also compete with companies that are not regulated like traditional utilities but that have access to the traditional utility electricity transmission and distribution infrastructure pursuant to state and local pro-competitive and consumer choice policies and with solar companies with business models that are similar to ours. We believe that we compete favorably with these companies based on our unique multi-channel approach and differentiated customer experience.

We also face competition from purely finance-driven organizations that acquire customers and then subcontract out the installation of solar energy systems, from installation businesses that seek financing from external parties, from large construction companies and utilities and from sophisticated electrical and roofing companies.

Research and Development

We believe continued investment in research and development is an important component of our on-going efforts to improve and expand our platform of services and tools. Our research and development expenses were \$15.1 million in 2017, \$10.2 million in 2016 and \$9.7 million in 2015.

Intellectual Property

As of December 31, 2017, we had 18 issued patents and 18 filed patent applications in the United States and foreign countries relating to a variety of aspects of our solar solutions. Our issued United States patents will expire 20 years from their respective filing dates, with the earliest expiring in 2029. We intend to file additional patent applications as we continue to innovate through our research and development efforts.

Government Regulation

Although we are not regulated as a public utility in the United States under applicable national, state or other local regulatory regimes where we conduct business, we compete primarily with regulated utilities. As a result, we have developed and are committed to maintaining a policy team to focus on the key regulatory and legislative issues impacting the entire industry. We believe these efforts help us better navigate local markets through relationships with key stakeholders and facilitate a deep understanding of the national and regional policy environment.

To operate our systems, we obtain interconnection permission from the applicable local primary electric utility. Depending on the size of the solar energy system and local law requirements, interconnection permission is provided by the local utility directly to us and/or our homeowners. In almost all cases, interconnection permissions are issued on the basis of a standard process that has been pre-approved by the local public utility commission or other regulatory body with jurisdiction over net metering policies. As such, no additional regulatory approvals are required once interconnection permission is given.

Our operations are subject to stringent and complex federal, state and local laws, including regulations governing the occupational health and safety of our employees and wage regulations. For example, we are subject to the requirements of the federal Occupational Safety and Health Act, as amended ("OSHA"), the U.S. Department of Transportation ("DOT"), and comparable state laws that protect and regulate employee health and safety.

Government Incentives

Federal, state and local government bodies provide incentives to owners, distributors, system integrators and manufacturers of solar energy systems to promote solar energy in the form of rebates, tax credits and other financial incentives such as system performance payments, payments for renewable energy credits associated with renewable energy generation and exclusion of solar energy systems from property tax assessments. These incentives enable us to lower the price we charge homeowners for energy from, and to lease, our solar energy systems, helping to catalyze homeowner acceptance of solar energy as an alternative to utility-provided power.

The federal government currently offers a 30% investment tax credit ("Commercial ITC") under Section 48(a) of the Internal Revenue Code of 1986, as amended (the "Code"), for the installation of certain solar power facilities owned for business purposes. The depreciable basis of a solar facility is also reduced by 50% of the tax credit claimed. Similarly, the federal government currently offers a 30% investment tax credit under Section 25D of the Internal Revenue Code ("Residential ITC"), for the installation of certain solar power facilities owned by residential taxpayers. The Commercial ITC was set to step down to 10% and the Residential ITC was set to expire at the end of 2016. In December 2015, Congress passed legislation extending both the Commercial and Residential ITC for an additional five years with a ramp down from 30% to 26% for solar property commencing construction in 2020 and then further to 22% for solar property commencing construction in 2021. Current law provides that the Commercial ITC will be 10% for both (i) solar property commencing construction after 2021 and (ii) solar property that commenced construction during or prior to 2021 but is placed in service after 2023, and the Residential ITC will expire after 2021.

More than half of the states, and many local jurisdictions, have established property tax incentives for renewable energy systems that include exemptions, exclusions, abatements and credits. Many states also have adopted procurement requirements for renewable energy production. Twenty-nine states and the District of Columbia have adopted a renewable portfolio standard (and nine other states have some voluntary goal) that requires regulated utilities to procure a specified percentage of total electricity delivered in the state from eligible renewable energy sources, such as solar energy systems, by a specified date. To prove compliance with such mandates, utilities must surrender solar renewable energy credits ("SRECs") to the applicable authority. Solar energy system owners such as our investment funds often are able to sell SRECs to utilities directly or in SREC markets.

While there are numerous federal, state and local government incentives that benefit our business, some adverse interpretations or determinations of new and existing laws can have a negative impact on our business. For example, in the state of Arizona, the Arizona Department of Revenue has determined that a personal property tax exemption on solar panels does not apply to solar panels that are leased (as opposed to owned), and has subjected our leased solar panels to personal property taxes. While we are challenging that determination, an adverse outcome will subject us and other solar companies to an increase in personal property taxes. If we pass this additional tax on to our customers in the form of higher prices, it could reduce or eliminate entirely the savings that these solar panels would otherwise provide to the customer. Although we are involved in ongoing litigation challenging the Arizona personal property tax determination, there can be no assurances that this litigation will be resolved in a manner that is favorable to us or other solar companies. If this litigation is not resolved in a manner that is favorable to us and other solar companies, it will adversely impact our operations in Arizona, and if we decide to pass the tax cost on to our customers, the price increase could adversely impact our ability to attract new customers in Arizona if it reduces or eliminates the savings that the solar panels would otherwise provide.

Employees

As of December 31, 2017, we had approximately 3,260 employees. We also engage independent contractors and consultants. None of our employees are covered by collective bargaining agreements. We have not experienced any work stoppages.

Corporate Information

Our principal executive offices are located at 595 Market Street, 29th Floor, San Francisco, California 94105, and our telephone number is (415) 580-6900. Our website address is www.sunrun.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K and inclusions of our website address in this Annual Report on Form 10-K are inactive textual references only. We were formed in 2007 as a California limited liability company, and converted in 2008 into a Delaware corporation.

The Sunrun design logo, "Sunrun" and our other registered or common law trademarks, service marks or trade names appearing in this Annual Report on Form 10-K are the property of Sunrun Inc. Other trademarks and trade names referred to in this Annual Report on Form 10-K are the property of their respective owners.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended. The public may obtain these filings at the Securities and Exchange Commission (the "SEC") Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information that we file with the SEC electronically. Copies of our reports on Form 10-K, Forms 10-Q, Forms 8-K, and amendments to those reports may also be obtained, free of charge, electronically on the investor relations page on our website located at investors.sunrun.com as soon as reasonably practical after we file such material with, or furnish it to, the SEC.

We also use the investor relations page on our website as a channel of distribution for important company information. Important information, including press releases, analyst presentations and financial information regarding us, as well as corporate governance information, is routinely posted and accessible on the investor relations page on our website. Information on or that can be accessed through our website is not part of this Annual Report on Form 10-K, and the inclusion of our website address is an inactive textual reference only.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Our Industry

We need to raise capital to finance the continued growth of our residential solar service business. If capital is not available to us on acceptable terms, as and when needed, our business and prospects would be materially and adversely impacted. In addition, our business is affected by general economic conditions and related uncertainties affecting markets in which we operate. Volatility in current economic conditions could adversely impact our business, including our ability to raise financing.

Our future success depends on our ability to raise capital from third parties to grow our business. To date, we have funded our business principally through low-cost tax equity investment funds. If we are unable to establish new investment funds when needed, or upon desirable terms, the growth of our solar service business would be impaired. Changes in tax law could affect our ability to establish such tax equity investment funds, impact the terms of existing or future funds, or reduce the pool of capital available for us to grow our business.

The contract terms in certain of our existing investment fund documents contain various conditions with respect to our ability to draw on financing commitments from the fund investors, including conditions that restrict our ability to draw on such commitments if an event occurs that could reasonably be expected to have a material adverse effect on the fund or, in some instances, us. If we were not able to satisfy such conditions due to events related to our business, a specific investment fund, developments in our industry, including tax or regulatory changes, or otherwise, and as a result, we were unable to draw on existing funding commitments, we could experience a material adverse effect on our business, liquidity, financial condition, results of operations and prospects. If any of the investors that currently invest in our investment funds were to decide not to invest in future investment funds to finance our solar service offerings due to general market conditions, concerns about our business or prospects or any other reason, or materially change the terms under which they were willing to provide future financing, we would need to identify new investors to invest in our investment funds and our cost of capital may increase.

In addition, our business and results of operations are materially affected by conditions in the global capital markets and the economy. A general slowdown or volatility in current economic conditions, stemming from the level of U.S. national debt, currency fluctuations, unemployment rates, the availability and cost of credit, the U.S. housing market, inflation levels, negative interest rates, energy costs and concerns over a slow economic recovery could adversely affect our business, including our ability to raise financing.

There can be no assurance that we will be able to continue to successfully access capital in a manner that supports the growth of our business. Certain sources of capital may not be available in the future, and competition for any available funding may increase. We cannot be sure that we will be able to maintain necessary levels of funding without incurring high funding costs, unfavorable changes in the terms of funding instruments or the liquidation of certain assets. If we are unable to continue to offer a competitive investment profile, we may lose access to these funds or they may only be available on less favorable terms than those provided to our competitors or currently provided to us. If we are unable to arrange new or alternative methods of financing on favorable terms, our business, liquidity, financial condition, results of operations and prospects could be materially and adversely affected.

Rising interest rates will adversely impact our business.

Rising interest rates may increase our cost of capital. Our future success depends on our ability to raise capital from fund investors and obtain secured lending to help finance the deployment of our solar service offerings. Part of our business strategy is to seek to reduce our cost of capital through these arrangements to improve our margins, offset future reductions in government incentives and maintain the price competitiveness of our solar service offerings. Rising interest rates may have an adverse impact on our ability to offer attractive pricing on our solar service offerings to homeowners.

The majority of our cash flows to date have been from solar service offerings under Customer Agreements that have been monetized under various investment fund structures. One of the components of this monetization is the present value of the payment streams from homeowners who enter into these Customer Agreements. If the rate of return required by capital providers, including debt providers, rises as a result of a rise in interest rates, it will reduce the present value of the homeowner payment stream and consequently reduce the total value derived from this monetization. Any measures that we could take to mitigate the impact of rising interest rates on our ability to secure third-party financing could ultimately have an adverse impact on the value proposition that we offer homeowners.

The solar energy industry is an emerging market that is constantly evolving and may not develop to the size or at the rate we expect.

The solar energy industry is an emerging and constantly evolving market opportunity. We believe the solar energy industry will take several years to fully develop and mature, and we cannot be certain that the market will grow at the rate we expect. For example, we have experienced increases in cancellations of our Customer Agreements in certain geographic markets during certain periods throughout our operating history. Any future growth of the solar energy market and the success of our solar service offerings depend on many factors beyond our control, including recognition and acceptance of the solar service market by consumers, the pricing of alternative sources of energy, a favorable regulatory environment, the continuation of expected tax benefits and other incentives and our ability to provide our solar service offerings cost-effectively. If the markets for solar energy do not develop at the rate we expect, our business may be adversely affected.

Solar energy has yet to achieve broad market acceptance and depends in part on continued support in the form of rebates, tax credits and other incentives from federal, state and local governments. If this support diminishes, our ability to obtain external financing on acceptable terms, or at all, could be materially adversely affected. These types of funding limitations could lead to inadequate financing support for the anticipated growth in our business. Furthermore, growth in residential solar energy depends in part on macroeconomic conditions, retail prices of electricity and homeowner preferences, each of which can change quickly. Declining macroeconomic conditions, including in the job markets and residential real estate markets, could contribute to instability and uncertainty among homeowners and impact their financial wherewithal, credit scores or interest in entering into long-term contracts, even if such contracts would generate immediate and long-term savings.

Market prices of retail electricity generated by utilities or other energy sources could decline for a variety of reasons, as discussed further below. Any such declines in macroeconomic conditions or changes in homeowner preferences would adversely impact our business.

Our ability to provide our solar service offerings to homeowners on an economically viable basis depends in part on our ability to finance these systems with fund investors who seek particular tax and other benefits.

Our solar service offerings have been eligible for federal investment tax credits ("ITCs"), U.S. Treasury grants and other tax benefits. We have relied on, and will continue to rely on, tax equity investment funds, which are financing structures that monetize a substantial portion of those benefits, in order to finance our solar service offerings. If, for any reason, we were unable to continue to monetize those benefits through these arrangements, we may be unable to provide and maintain our solar service offerings for homeowners on an economically viable basis.

The availability of this tax-advantaged financing depends upon many factors, including:

- our ability to compete with other solar energy companies for the limited number of potential fund investors, each of which has limited funds and limited appetite for the tax benefits associated with these financings;
- the state of financial and credit markets;
- changes in the legal or tax risks associated with these financings; and
- non-renewal of these incentives or decreases in the associated benefits.

The federal government currently offers a 30% ITC (the "Commercial ITC") under Section 48(a) of the Internal Revenue Code of 1986, as amended (the "Code"), for the installation of certain solar power facilities owned for business purposes. The depreciable basis of a solar facility is also reduced by 50% of the tax credit claimed. Similarly, the federal government currently offers a 30% investment tax credit ("Residential ITC") for the installation of certain solar power facilities owned by residential taxpayers. The Commercial ITC was set to step down to 10% and the Residential ITC was set to expire at the end of 2016. However in December 2015, Congress passed legislation extending both the Commercial and Residential ITC for an additional five years with a ramp down from 30% to 26% for solar property commencing construction in 2020 and then further to 22% for solar property commencing construction in 2021. Current law provides that the Commercial ITC will be 10% for both (i) solar property commencing construction after 2021 and (ii) solar property which commenced construction during or prior to 2021 but which is placed in service after 2023, and the Residential ITC will expire after 2021.

Potential investors must remain satisfied that the funding structures that we offer will make the tax benefits associated with solar energy systems available to these investors, which depends on the investors' assessment of the tax law, the absence of any unfavorable interpretations of that law and the continued application of existing tax law and interpretations to our funding structures. Adverse changes in existing law or interpretations of existing law by the Internal Revenue Service (the "IRS") and the courts could reduce the willingness of investors to invest in funds associated with these solar energy systems. Moreover, corporate tax rate reductions could reduce the appetite for tax benefits overall, which could reduce the pool of available funds. Additionally, certain tax deductions, such as depreciation, will have less value to investors, requiring additional cash to be paid to investors to meet return demands. Accordingly, we cannot assure you that this type of financing will continue to be available to us. New investment fund structures or other financing mechanisms may also become available, and if we are unable to take advantage of these fund structures and financing mechanisms, we may be at a competitive disadvantage. If, for any reason, we were unable to finance our solar service offerings through tax-advantaged structures or if we were unable to realize or monetize Commercial ITCs or other tax benefits, we may no longer be able to provide our solar service offerings to new homeowners on an economically viable basis, which would have a material adverse effect on our business, financial condition and results of operations.

If the Internal Revenue Service or the U.S. Department of the Treasury makes determinations that the fair market value of our solar energy systems is materially lower than what we have claimed, we may have to pay significant amounts to our fund investors and our business, financial condition and prospects may be materially and adversely affected.

We and our fund investors claim the Commercial ITC or the U.S. Treasury grant in amounts based on the fair market value of our solar energy systems. We have obtained independent appraisals to determine the fair market values we report for claiming Commercial ITCs and U.S. Treasury grants. The IRS and the U.S. Treasury Department review these fair market values. With respect to U.S. Treasury grants, the U.S. Treasury Department reviews the reported fair market value in determining the amount initially awarded, and the IRS and the U.S. Treasury Department may also subsequently audit the fair market value and determine that amounts previously awarded must be repaid to the U.S. Treasury Department or that excess awards constitute taxable income for U.S. federal income tax purposes. With respect to Commercial ITCs, the IRS may review the fair market value on audit and determine that the tax credits previously claimed must be reduced. If the fair market value is determined in these circumstances to be less than what we reported, we may owe our fund investors an amount equal to this difference, plus any costs and expenses associated with a challenge to that valuation. We could also be subject to tax liabilities, including interest and penalties. If the IRS or the U.S. Treasury Department further disagrees now or in the future with the amounts we reported regarding the fair market value of our solar energy systems, or if we receive an adverse outcome with respect to the Department of the Treasury Inspector General investigation discussed elsewhere in this "Risk Factors" section and in the section entitled "Item 1. Legal Proceedings" elsewhere in this Annual Report on Form 10-K, it could have a material adverse effect on our business, financial condition and prospects. For example, a hypothetical five percent downward adjustment in the fair market value of the solar energy systems related to approximately \$269.0 million in U.S. Treasury grants that we have received since the

beginning of the U.S. Treasury grant program through December 31, 2014, would obligate us to repay approximately \$14.0 million to our fund investors. One of our investment funds has recently been selected for audit by the Internal Revenue Service (the "IRS"). In addition, two of our investors are currently being audited by the IRS, and these investor audits involve a review of the fair market value determination of our solar energy systems. If these investor audits result in an adverse finding, we may be subject to an indemnity obligation to these investors. Since we cannot determine how the IRS will evaluate system values used in claiming ITCs, we are unable to reliably estimate the maximum potential future payments that we would have to make under this obligation as of each balance sheet date.

We have historically benefited from declining costs in our industry, and our business and financial results may be harmed not only as a result of any increases in costs associated with our solar service offerings but also any failure of these costs to continue to decline as we currently expect. If we do not reduce our cost structure in the future, our ability to continue to be profitable may be impaired.

Declining costs related to raw materials, manufacturing and the sale and installation of our solar service offerings have been a key driver in the pricing of our solar service offerings and, more broadly, homeowner adoption of solar energy. While historically the prices of solar panels and raw materials have declined, the cost of solar panels and raw materials could increase in the future, and such products' availability could decrease, due to a variety of factors, including trade barriers, export regulations, regulatory or contractual limitations, industry market requirements and changes in technology and industry standards. Any such cost increases or decreases in availability could slow our growth and cause our financial results and operational metrics to suffer.

For example, in the past, we and our solar partners purchased a significant portion of the solar panels used in our solar service offerings from manufacturers based in China or containing components from China. In April 2017, Suniva, Inc., a U.S.-based solar panel manufacturer ("Suniva"), filed a petition for global safeguards with the U.S. International Trade Commission (USITC), which included requests for the imposition of tariffs on crystalline silicon photovoltaic (CSPV) solar cells and the establishment of a minimum price for solar modules imported into the United States. Another solar panel manufacturer, SolarWorld AG, later joined Suniva's petition. On September 22, 2017, the USITC determined that increased imports of solar panels and cells are a substantial cause of injury to the U.S. solar panel manufacturing industry. In January 2018, a 30% tariff was imposed on panels and a 30% tariff was imposed on cells after 2.5 gigawatts (GW) of imports. The tariffs step down 5% annually. This tariff could adversely affect our costs, our supply, or have other material adverse impacts on our business. For example, the tariff could be reflected in the purchase price of the solar panels and components we and our solar partners purchase and could adversely impact our future access to solar panels and components.

We may continue to make significant investments to drive growth in the future. Increases in any of these costs could adversely affect our results of operations and financial condition and harm our business and prospects. If we are unable to reduce our cost structure in the future, it could have a material adverse effect on our ability to be profitable and on our business and prospects.

We rely on net metering and related policies to offer competitive pricing to homeowners in all of our current markets, and changes to net metering policies may significantly reduce demand for electricity from our solar service offerings.

As of December 31, 2017, a substantial majority of states have adopted net metering policies. Net metering policies are designed to allow homeowners to serve their own load using on-site energy generation. Electricity that is generated by a solar energy system and consumed on-site avoids a retail energy purchase from the applicable utility, and excess electricity that is exported back to the electric grid generates a retail credit within a homeowner's monthly billing period. At the end of the monthly billing period, if the homeowner has generated excess electricity within that month, the homeowner typically carries forward a credit for any excess electricity to be offset against future utility energy purchases. At the end of an annual billing period or calendar year, utilities either continue to carry forward a credit, or reconcile the homeowner's final annual or calendar year bill using different rates (including zero credit) for the exported electricity.

Utilities, their trade associations, and fossil fuel interests in the country are currently challenging net metering policies, and seeking to either eliminate them, cap them, or impose charges on homeowners that have net metering. For example, in October 2015 the Hawaii Public Utilities Commission (the "Hawaii Commission") issued an order that eliminates net metering for all new customers. Currently, the Hawaii Commission has three options for rooftop solar customers: (i) one program providing customers with a credit when they export power during certain periods of time; (ii) one program that allows customers to install quickly, but they are generally not allowed to export electricity to the electrical grid; and (iii) another program paying customers for exported power at all times but at a lower rate and allowing the utility the ability to shut off customers' solar systems during grid emergencies. All existing net metering customers and customers who submitted net metering applications before October 12, 2015 are grandfathered indefinitely under the old rules. Some interim programs created by the Hawaii Commission are grandfathered for customers who applied in a timely fashion. We continue to build and service these systems.

In addition, in early 2016 we ceased new installations in Nevada in response to the elimination of net metering by the Public Utilities Commission of Nevada ("PUCN"). However, in September 2016, the PUCN issued an order grandfathering in customers under the prior net metering rules who had installed a solar energy system or had submitted a net metering application prior to December 31, 2015. Furthermore, in June 2017, the governor of Nevada signed legislation, AB 405, which restores net metering at a reduced credit - starting at 95% of the retail rate and declining as solar penetration increases - and grandfathers new customers for 20 years at the net metering rate in effect at the time they apply for interconnection. As another example, in December 2016, the Arizona Corporation Commission ("ACC") issued a decision to eliminate net metering and reduce export rates for new solar customers. To carry out this decision, specific rate changes applicable to Arizona solar customers are being determined in utility rate cases. For example, in 2017, Arizona Public Service Company ("APS") filed a rate case seeking reduced credit for solar exports and higher fixed charges. Intervenor agreed upon a settlement, which the ACC accepted in August 2017. In addition, the ACC held hearings beginning in November 2017 to consider rate changes applicable to solar customers proposed by Tuscon Electric Power ("TEP") and UNS Electric ("UNS"). The ACC has not made a decision in the TEP - UNS rate proceeding. In addition, New Hampshire issued its net metering order in June 2017, which removes a previously existing 100 MW cap on net metering and grandfathers in customers under existing rates until 2040.

Some states set limits on the total percentage of a utility's customers that can adopt net metering. For example, South Carolina has a net metering cap. New York and New Jersey currently have no net metering cap; however, these states have caps that trigger commission review of net metering policies. These policies could be subject to change in the future, and other states we serve now or in the future may adopt net metering caps. If the net metering caps in these jurisdictions are reached without an extension of net metering policies, homeowners in the future will not have access to the economic value proposition net metering allows. In addition, if overall solar consumer demand in South Carolina grows as expected in the coming year and the cap is not increased or otherwise extended, the South Carolina net metering cap will likely be reached. Our ability to sell our solar service offerings may be adversely impacted by the failure to extend existing limits to net metering or the elimination of currently existing net metering policies. The failure to adopt a net metering policy where it currently is not in place would pose a barrier to entry in those states. Additionally, the imposition of charges that only or disproportionately impact homeowners that have solar systems, or the introduction of rate designs such as the "unbundled" rates mentioned above, would adversely impact our business.

Electric utility statutes and regulations and changes to statutes or regulations may present technical, regulatory and economic barriers to the purchase and use of our solar service offerings that may significantly reduce demand for such offerings.

Federal, state and local government statutes and regulations concerning electricity heavily influence the market for our solar service offerings. These statutes and regulations relate to electricity pricing, net metering, incentives, taxation, competition with utilities, and the interconnection of homeowner-owned and third party-owned solar energy systems to the electrical grid. These statutes and regulations are constantly evolving. Governments, often acting through state utility or public service commissions, change and adopt different rates for residential customers on a regular basis and these changes can have a negative impact on our ability to deliver savings to homeowners.

Utilities, their trade associations, and fossil fuel interests in the country, each of which has significantly greater economic and political resources than the residential solar industry, are currently challenging solar-related policies to reduce the competitiveness of residential solar energy. Any adverse changes in solar-related policies could have a negative impact on our business and prospects. For example, in early 2016, we ceased new installations in Nevada as a result of the elimination of net metering (which was thereafter amended by the PUCN to grandfather in customers who had installed a solar energy system or submitted a net metering application prior to December 31, 2015). In June 2017, the governor of Nevada signed legislation, AB 405, which restores net metering at a reduced credit - starting at 95% of the retail rate and declining as solar penetration increases - and grandfathered customers for 20 years.

We face competition from traditional energy companies as well as solar energy companies.

The solar energy industry is highly competitive and continually evolving as participants strive to distinguish themselves within their markets and compete with large utilities. We believe that our primary competitors are the established utilities that supply energy to homeowners by traditional means. We compete with these utilities primarily based on price, predictability of price, and the ease by which homeowners can switch to electricity generated by our solar service offerings. If we cannot offer compelling value to homeowners based on these factors, then our business and revenue will not grow. Utilities generally have substantially greater financial, technical, operational and other resources than we do. As a result of their greater size, these competitors may be able to devote more resources to the research, development, promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. Furthermore, these competitors are able to devote substantially more resources and funding to regulatory and lobbying efforts.

Utilities could also offer other value-added products or services that could help them compete with us even if the cost of electricity they offer is higher than ours. In addition, a majority of utilities' sources of electricity are non-solar, which may allow utilities to sell electricity more cheaply than us. Moreover, regulated utilities are increasingly seeking approval to "rate-base" their own residential solar businesses. Rate-basing means that utilities would receive guaranteed rates of return for their solar businesses. This is already commonplace for utility scale solar projects and commercial solar projects. While few utilities to date have received regulatory permission to rate-base residential solar or storage, our competitiveness would be significantly harmed should more utilities receive such permission because we do not receive guaranteed profits for our solar service offerings.

We also face competition from other residential solar service providers. Some of these competitors have a higher degree of brand name recognition, differing business and pricing strategies, and greater capital resources than we have, as well as extensive knowledge of our target markets. If we are unable to establish or maintain a consumer brand that resonates with homeowners, or competes with the pricing offered by our competitors, our sales and market share position may be adversely affected as our growth is dependent on originating new homeowners. We may also face competitive pressure from companies who offer lower priced consumer offerings than us.

We also compete with companies that are not regulated like traditional utilities but that have access to the traditional utility electricity transmission and distribution infrastructure. These energy service companies are able to offer homeowners electricity supply-only solutions that are competitive with our solar service offerings on both price and usage of solar energy technology while avoiding the long-term agreements and physical installations that our current fund-financed business model requires. This may limit our ability to attract homeowners, particularly those who wish to avoid long-term contracts or have an aesthetic or other objection to putting solar panels on their roofs.

We also face competition from purely finance-driven nonintegrated competitors that subcontract out the installation of solar energy systems, from installation businesses (including solar partners) that seek financing from external parties, from large construction companies and from electrical and roofing companies. In addition, local installers that might otherwise be viewed as potential solar partners may gain market share by being able to be the first providers in new local markets. Some of these competitors may provide energy at lower costs than we do. Finally, as declining prices for solar panels and related equipment has resulted in an increase in consumers purchasing instead of leasing solar energy systems, we face competition from companies that offer consumer loans for these solar panel purchases.

As the solar industry grows and evolves, we will continue to face existing competitors as well as new competitors who are not currently in the market (including those resulting from the consolidation of existing competitors) that achieve significant developments in alternative technologies or new products such as storage

solutions, loan products or other programs related to third-party ownership. Our failure to adapt to changing market conditions, to compete successfully with existing or new competitors and to adopt new or enhanced technologies could limit our growth and have a material adverse effect on our business and prospects.

Regulations and policies related to rate design could deter potential homeowners from purchasing our solar service offerings, reduce the value of the electricity we produce, and reduce the savings that our homeowners could realize from our solar service offerings.

All states regulate investor-owned utility retail electricity pricing. In addition, there are numerous publicly owned utilities and electric cooperatives that establish their own retail electricity pricing through some form of regulation or internal process. These regulations and policies could deter potential homeowners from purchasing our solar service offerings. For example, some utilities in states such as Arizona and Utah have sought and secured rate design changes that reduce credit for residential solar exports to below the retail rate and impose new charges for rooftop solar customers. Utilities in additional states such as New York may potentially follow suit. Such rate changes can include changing rates to charge lower volume-based rates – the rates charged for kilowatt hours of electricity purchased by a residential customer – raising unavoidable fixed charges that a homeowner is subject to when they purchase solar energy from third parties, and levying charges on homeowners based on their point of maximum demand during a month (referred to as “demand charge”). For example, the Massachusetts Department of Public Utilities recently approved Eversource's proposed demand charges on net metering customers in the state. APS also offers residential demand charge rate plans and if our solar customers have subscribed to those plans, they may not realize typical savings. These forms of rate design would adversely impact our business by reducing the value of the electricity our solar energy systems produce and reducing the savings homeowners receive by purchasing our solar service offerings. These proposals could continue in other states. In addition to changes in general rates charged to all residential customers, utilities are increasingly seeking solar-specific charges (which may be fixed charges, capacity-based charges, or other rate charges). Any of these changes could materially reduce the demand for our products and could limit the number of markets in which our products are competitive with electricity provided by the utilities. As mentioned above, in December 2016, the ACC issued a decision to eliminate net metering and reduce export rates for new solar customers. The specific rate changes applicable to Arizona solar customers may be determined in utility rate cases. As another example, in early 2016, we ceased new installations in Nevada in response to the elimination of net metering by the PUCN, which decision was amended by the PUCN in September 2016 to grandfather in customers who had installed a solar energy system or submitted a net metering application prior to December 31, 2015 under the prior net metering rules. In June 2017, the governor of Nevada signed legislation, AB 405, which restores net metering at a reduced credit - starting at 95% of the retail rate and declining as solar penetration increases - and grandfathered customers for 20 years.

Our business currently depends on the availability of utility rebates, tax credits and other financial incentives in addition to other tax benefits. The expiration, elimination or reduction of these rebates and incentives could adversely impact our business.

Our business depends on government policies that promote and support solar energy and enhance the economic viability of owning solar energy systems. U.S. federal, state and local governmental bodies provide incentives to owners, distributors, installers and manufacturers of solar energy systems to promote solar energy. These incentives include ITCs, as discussed above, as well as other tax credits, rebates and SRECs associated with solar energy generation. Some markets, such as New Jersey and Massachusetts, currently utilize SRECs. SRECs can be volatile and could decrease over time as the supply of SREC-producing solar energy systems installed in a particular market increases. For example, in New Jersey, because of the substantial supply of solar energy systems installed, the state is about to reach the solar carve-out under the state's Renewable Portfolio Standard. Unless pending legislation to expand New Jersey's solar carve-out is passed in the near term, SREC values will be adversely impacted. We rely on the incentives listed above to lower our cost of capital and to incent investors to invest in our funds, all of which enables us to lower the price we charge homeowners for our solar service offerings. These incentives have had a significant impact on the development of solar energy but they could change at any time, especially in light of the recent change in administration, as further described below. These incentives may also expire on a particular date (as discussed above with respect to the ITC), end when the allocated funding is exhausted, or be reduced, terminated or repealed without notice. The financial value of certain incentives may also decrease over time.

The current administration's proposed environmental policies may create regulatory uncertainty in the solar energy industry and may lead to a reduction or removal of various clean energy programs and initiatives designed

to curtail climate change. Such a reduction or removal of incentives could diminish the market for solar energy. Tax reform legislation known as the Tax Cuts and Jobs Act was enacted in December 2017, reducing the corporate tax rate to 21%, and limiting interest deductibility and allowing full and immediate expensing of capital costs. A reduction in the corporate tax rate and the expensing of capital costs could diminish the capacity of potential fund investors to benefit from tax incentives, and could require additional cash to be distributed to such fund investors in lieu of tax benefits. Furthermore, the current administration has made public statements regarding overturning or modifying policies of, or regulations enacted by, the prior administration that placed limitations on coal and gas electric generation, mining and/or exploration. Any effort to overturn federal and state laws, regulations or policies that are supportive of solar energy generation or that remove costs or other limitations on other types of energy generation that compete with solar energy projects could materially and adversely affect our business.

Our business model also relies on multiple tax exemptions offered at the state and local levels. For example, solar energy systems are generally not considered in determining values for calculation of local and state real and personal property taxes as a result of applicable property tax exemptions. If solar energy systems were not excluded, the property taxes payable by homeowners would be higher, which could offset any potential savings our solar service offerings could offer. For example, Arizona Department of Revenue has determined that the rule that solar energy systems have no value and add no value does not apply to solar panels that are leased (as opposed to owned) and has subjected our leased solar panels to personal property taxes in that state. While we are challenging that determination, an adverse outcome will subject us and other solar companies to an increase in personal property taxes. If we pass this additional tax on to our customers in the form of higher prices, it could reduce or eliminate entirely the savings that these solar panels would otherwise provide to the homeowner. We are involved in ongoing litigation challenging the Arizona personal property tax determination. In May 2017, the Arizona Court of Appeals upheld the tax court's ruling that the Arizona Department of Revenue had no legal authority to assess rooftop solar energy equipment, reversed the Tax Court's ruling that the statute, Section 42-11054(C)(2) is unconstitutional, and ruled that the counties have no authority to tax rooftop solar equipment. The Arizona Department of Revenue appealed that decision, which is currently pending before the Arizona Supreme Court, and there can be no assurances that this litigation will be resolved in a manner that is favorable to us or other solar companies. If this litigation is not resolved in a manner that is favorable to us and other solar companies, it will adversely impact our operations in Arizona. If we decide to pass the tax cost on to our customers, such price increase could adversely impact our ability to attract new customers in Arizona, and the savings that our current Arizona customers realize could be reduced or eliminated by the additional tax imposed, which will make our solar service offerings less attractive to those customers and could increase the risk of default from those customers. In addition, South Carolina counties do not currently assess property tax on residential solar energy systems, although state law does not provide for an explicit exemption. In general, we rely on certain state and local tax exemptions that apply to the sale of equipment, sale of power, or both. These state and local sales tax exemptions can be changed by the state legislature and other regulators, and such a change, for example if South Carolina were to begin assessing property tax on residential solar energy systems, could adversely impact our business.

We are not currently regulated as a utility under applicable laws, but we may be subject to regulation as a utility in the future or become subject to new federal and state regulations for any additional solar service offerings we may introduce in the future.

Most federal, state, and municipal laws do not currently regulate us as a utility. As a result, we are not subject to the various regulatory requirements applicable to U.S. utilities. However, any federal, state, local or otherwise applicable regulations could place significant restrictions on our ability to operate our business and execute our business plan by prohibiting or otherwise restricting our sale of electricity. These regulatory requirements could include restricting our sale of electricity, as well as regulating the price of our solar service offerings. For example, the New York Public Service Commission recently passed an order regulating distributed energy providers as if they were energy service companies, which increases the regulatory compliance burden in that state. If we were subject to the same regulatory authorities as utilities in the United States or if new regulatory bodies were established to oversee our business, then our operating costs could materially increase.

Our business depends in part on the regulatory treatment of third-party owned solar energy systems.

Our Customer Agreements are third-party ownership arrangements. Sales of electricity by third parties face regulatory challenges in some states and jurisdictions. These challenges pertain to issues such as whether third party-owned systems qualify for the same levels of rebates or other non-tax incentives available for homeowner-owned solar energy systems, whether third-party-owned systems are eligible at all for these incentives, and whether third-party-owned systems are eligible for net metering and the associated significant cost savings. Reductions in, or eliminations of, the current treatment of third-party arrangements could reduce demand for our solar service offerings, adversely impact our access to capital and cause us to increase the price we charge homeowners for energy.

Interconnection limits or circuit-level caps imposed by regulators may significantly reduce our ability to sell electricity from our solar service offerings in certain markets or slow interconnections, harming our growth rate and customer satisfaction scores.

Interconnection rules establish the circumstances in which rooftop solar will be connected to the electricity grid. Interconnection limits or circuit-level caps imposed by regulators may curb our growth in key markets. Utilities throughout the country have different rules and regulations regarding interconnection and some utilities cap or limit the amount of solar energy that can be interconnected to the grid. Our systems do not provide power to homeowners until they are interconnected to the grid.

Interconnection regulations are based on claims from utilities regarding the amount of solar electricity that can be connected to the grid without causing grid reliability issues or requiring significant grid upgrades. Although recent rulings from the Hawaii Utilities Commission have helped resolve some problems, historically, interconnection limits or circuit-level caps have slowed the pace of our installations in Hawaii. Similar interconnection limits could slow our future installations in Hawaii or other markets, harming our growth rate and customer satisfaction scores. Similarly, the Hawaii Public Utilities Commission recently required the activation of some advanced inverter functionality that may require more expensive equipment and more oversight of the operation of the solar systems over time.

We may be required to make payments or contribute assets to our investors upon the occurrence of certain events, including one-time reset or true-up payments or upon the exercise of a redemption option by one of our investors.

Our fund investors typically advance capital to us based on production capacity estimates. The models we use to calculate prepayments in connection with certain of our investment funds will be updated for each investment fund at a fixed date occurring after placement in service of all applicable solar energy systems or an agreed upon date (typically within the first year of the applicable term) to reflect certain specified conditions as they exist at such date including the ultimate system size of the equipment that was leased, how much it cost, and when it went into service. In some cases, these true-up models will also incorporate any changes in law, which would include any reduction in rates (and thus any reduction in the benefits of depreciation). As a result of this true-up, applicable payments are resized, and we may be obligated to refund a portion of the investor's prepayments or to contribute additional assets to the investment fund. In addition, certain of our fund investors have the right to require us to purchase their interests in the investment funds after a set period of time, generally at a price equal to the greater of a set purchase price or fair market value of the interests at the time of the repurchase. Any significant refunds, capital contributions or purchases that we may be required to make could adversely affect our liquidity or financial condition.

A material drop in the retail price of utility-generated electricity or electricity from other sources would harm our business, financial condition and results of operations.

We believe that a homeowner's decision to buy solar energy from us is primarily driven by a desire to lower electricity costs. Decreases in the retail prices of electricity from utilities or other energy sources would harm our ability to offer competitive pricing and could harm our business. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, including nuclear, coal, natural gas or renewable energy technologies;
- the construction of additional electric transmission and distribution lines;
- a reduction in the price of natural gas or other natural resources as a result of new drilling techniques or other technological developments, a relaxation of associated regulatory standards, or broader economic or policy developments;
- energy conservation technologies and public initiatives to reduce electricity consumption; and
- development of new energy technologies that provide less expensive energy.

A reduction in utility electricity prices would make the purchase of our solar service offerings less attractive. If the retail price of energy available from utilities were to decrease due to any of these or other reasons, we would be at a competitive disadvantage. As a result, we may be unable to attract new homeowners and our growth would be limited.

It is difficult to evaluate our business and prospects due to our limited operating history.

Until 2014, we focused our efforts primarily on the sales, financing and monitoring of solar energy systems for residential customers, with installation provided by our solar partners. In February 2014, we acquired the residential sales and installation business of Mainstream Energy Corporation, its fulfillment business AEE Solar and its racking business SnapNrack (collectively, "MEC"). We have limited experience managing the fulfillment and racking lines of the MEC business, and we may not be successful in maintaining or growing the revenue from these businesses. Further, we have limited experience, in comparison to our solar partner model, in our direct-to-consumer business, and as a result, we may fail to grow as quickly or achieve the revenue scale targeted in connection with such a model. We may also be unsuccessful in expanding our customer base through installation of our solar service offerings within our current markets or in new markets we may enter. Additionally, we cannot assure you that we will be successful in generating substantial revenue from our current solar service offerings or from any additional solar service offerings we may introduce in the future. Our limited operating history, combined with the rapidly evolving and competitive nature of our industry, may not provide an adequate basis for you to evaluate our results of operations and business prospects. In addition, we only have limited insight into emerging trends, such as alternative energy sources, commodity prices in the overall energy market, and legal and regulatory changes that impact the solar industry, any of which could adversely impact our business, prospects and results of operations.

We have incurred losses and may be unable to achieve or sustain profitability in the future.

We have incurred net losses in the past and may continue to incur net losses as we increase our spending to finance the expansion of our operations, expand our installation, engineering, administrative, sales and marketing staffs, increase spending on our brand awareness and other sales and marketing initiatives, and implement internal systems and infrastructure to support our growth. We do not know whether our revenue will grow rapidly enough to absorb these costs and our limited operating history makes it difficult to assess the extent of these expenses or their impact on our results of operations. Our ability to achieve profitability depends on a number of factors, including but not limited to:

- growing our customer base;
- finding investors willing to invest in our investment funds on favorable terms;
- maintaining or further lowering our cost of capital;
- reducing the cost of components for our solar service offerings;
- growing and maintaining our channel partner network;
- growing our direct-to-consumer business to scale; and

- reducing our operating costs by lowering our customer acquisition costs and optimizing our design and installation processes and supply chain logistics.

Even if we do achieve profitability, we may be unable to sustain or increase our profitability in the future.

Our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations, resulting in a decline in the price of our common stock.

Our quarterly results of operations are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal and quarterly fluctuations in the past and expect these fluctuations to continue. However, given that we are an early-stage company operating in a rapidly changing industry, those fluctuations may be masked by our recent growth rates and thus may not be readily apparent from our historical results of operations. As such, our past quarterly results of operations may not be good indicators of likely future performance.

In addition to the other risks described in this “Risk Factors” section, as well as the factors discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section, the following factors could cause our results of operations and key performance indicators to fluctuate:

- the expiration or initiation of any governmental tax rebates or incentives;
- significant fluctuations in homeowner demand for our solar service offerings or fluctuations in the geographic concentration of installations of solar energy systems;
- changes in financial markets, which could restrict our ability to access available financing sources;
- seasonal or weather conditions that impact sales, energy production and system installations;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- announcements by us or our competitors of new products or services, significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in our pricing policies or terms or those of our competitors, including utilities;
- changes in regulatory policy related to solar energy generation;
- the loss of one or more key partners or the failure of key partners to perform as anticipated;
- actual or anticipated developments in our competitors’ businesses or the competitive landscape;
- actual or anticipated changes in our growth rate;
- general economic, industry and market conditions;
and
- changes to our cancellation rate.

In the past, we have experienced seasonal fluctuations in sales and installations, particularly in the fourth quarter. This has been the result of decreased sales through the holiday season and weather-related installation delays. In addition, energy production is greater in the second and third quarters of the year, causing variability in operating lease revenue throughout the year. Our incentives revenue is also highly variable due to associated revenue recognition rules, as discussed in greater detail in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Seasonal and other factors may also contribute to variability in our sales of solar energy systems and product sales. For these or other reasons, the results of any prior quarterly or annual periods should not be relied upon as indications of our future performance. In addition, our actual revenue or key operating metrics in one or more future quarters may fall short of the expectations of investors and financial analysts. If that occurs, the trading price of our common stock could decline and you could lose part or all of your investment.

Our actual financial results may differ materially from any guidance we may publish from time to time.

We have in the past and may, from time to time, provide guidance regarding our future performance that represents our management's estimates as of the date such guidance is provided. Any such guidance is based upon a number of assumptions with respect to future business decisions (some of which may change) and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies (many of which are beyond our control). Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions that inform such guidance will not materialize or will vary significantly from actual results. Our ability to meet deployment volume, cost, net present value or any other forward-looking guidance is impacted by a number of factors including, but not limited to, the number of our solar energy systems sold versus leased, changes in installation costs, the availability of additional financing on acceptable terms, changes in the retail prices of traditional utility generated electricity, the availability of rebates, tax credits and other incentives, changes in policies and regulations including net metering and interconnection limits or caps, the availability of solar panels and other raw materials, as well as the other risks to our business that are described in this section. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date such guidance is provided. Actual results may vary from such guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors should not place undue reliance on our financial guidance, and should carefully consider any guidance we may publish in context.

If we fail to manage our recent and future growth effectively, we may be unable to execute our business plan, maintain high levels of customer service or adequately address competitive challenges.

We have experienced significant growth in recent periods, and we intend to continue to expand our business within existing markets and in a number of new locations in the future. This growth has placed, and any future growth may place, a significant strain on our management, operational and financial infrastructure. In particular, we will be required to expand, train and manage our growing employee base and solar partners. Our management will also be required to maintain and expand our relationships with homeowners, suppliers and other third parties and attract new homeowners and suppliers, as well as to manage multiple geographic locations.

In addition, our current and planned operations, personnel, systems and procedures might be inadequate to support our future growth and may require us to make additional unanticipated investment in our infrastructure, including additional costs for the expansion of our employee base and our solar partners as well as marketing and branding costs. Our success and ability to further scale our business will depend, in part, on our ability to manage these changes in a cost-effective and efficient manner. If we cannot manage our growth, we may be unable to take advantage of market opportunities, execute our business strategies or respond to competitive pressures. This could also result in declines in quality or homeowner satisfaction, increased costs, difficulties in introducing new solar service offerings or other operational difficulties. Any failure to effectively manage growth could adversely impact our business and reputation.

Servicing our debt requires a significant amount of cash to comply with certain covenants and satisfy payment obligations, and we may not have sufficient cash flow from our business to pay our substantial debt and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

We have substantial amounts of debt, including the working capital facility and the non-recourse debt facilities entered into by our subsidiaries, as discussed in more detail in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements. Specifically, as of December 31, 2017, we had outstanding borrowings of \$247.0 million on a bank line of credit maturing in April 2018. In February 2018, the maturity date was extended to April 1, 2020. In addition, our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures to operate our business. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to timely repay or otherwise refinance our indebtedness (including, but not limited to, the bank line of credit disclosed above) will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We expect to incur substantially more debt in the future, which could intensify the risks to our business.

We and our subsidiaries expect to incur additional debt in the future, subject to the restrictions contained in our debt instruments. Our existing debt arrangements restrict our ability to incur additional indebtedness, including secured indebtedness, and we may be subject to similar restrictions under the terms of future debt arrangements. These restrictions could inhibit our ability to pursue our business strategies. Increases in our existing debt obligations would further heighten the debt related risk discussed above.

Furthermore, there is no assurance that we will be able to enter into new debt instruments on acceptable terms. If we were unable to satisfy financial covenants and other terms under existing or new instruments, or obtain waivers or forbearance from our lenders, or if we were unable to obtain refinancing or new financings for our working capital, equipment and other needs on acceptable terms if and when needed, our business would be adversely affected.

The production and installation of solar energy systems depends heavily on suitable meteorological conditions. If meteorological conditions are unexpectedly unfavorable, the electricity production from our solar service offerings may be below our expectations, and our ability to timely deploy new systems may be adversely impacted.

The energy produced and revenue and cash flows generated by a solar energy system depend on suitable solar and weather conditions, both of which are beyond our control. Furthermore, components of our systems, such as panels and inverters, could be damaged by severe weather or natural catastrophes, such as hailstorms, tornadoes, fires or earthquakes. In these circumstances, we generally would be obligated to bear the expense of repairing the damaged solar energy systems that we own. Sustained unfavorable weather also could unexpectedly delay the installation of our solar energy systems, leading to increased expenses and decreased revenue and cash flows in the relevant periods. Weather patterns could change, making it harder to predict the average annual amount of sunlight striking each location where our solar energy systems are installed. This could make our solar service offerings less economical overall or make individual systems less economical. Any of these events or conditions could harm our business, financial condition and results of operations.

Our business is concentrated in certain markets, putting us at risk of region specific disruptions.

As of December 31, 2017, approximately half of our customers were in California. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in this market and in other markets that may become similarly concentrated, in particular the east coast, where we have seen significant growth recently. In addition, our corporate and sales headquarters are located in San Francisco, California, an area that is at a heightened risk of earthquakes. We may not have adequate insurance, including business interruption insurance, to compensate us for losses that may occur from any such significant events, including damage to our solar energy systems. A significant natural disaster, such as an earthquake, could have a material adverse impact on our business, results of operations and financial condition. In addition, acts of terrorism or malicious computer viruses could cause disruptions in our or our solar partners' businesses or the economy as a whole. To the extent that these disruptions result in delays or cancellations of installations or the deployment of our solar service offerings, our business, results of operations and financial condition would be adversely affected.

Loan financing developments could adversely impact our business.

The third-party ownership structure, which we bring to market through our solar service offerings, continues to be the predominant form of system ownership in the residential solar market in many states. However, with the development of new loan financing products, we have seen a modest shift from leasing to outright purchases of the solar energy system by the homeowner (i.e., a homeowner purchases the solar energy system outright instead of leasing the system from us). Continued increases in third-party loan financing products and outright purchases could result in the demand for long-term Customer Agreements to decline, which would require us to shift our product focus to respond to the market trend and could have an adverse effect on our business. In 2017, 2016 and 2015, the majority of our customers chose our solar service offerings as opposed to buying a solar energy system outright. Our financial model is impacted by the volume of homeowners who choose our solar service offerings, and an increase in the number of customers who choose to purchase solar energy systems (whether for cash or through third-party financing) may harm our business and financial results.

The federal government currently offers a 30% Residential ITC for the installation of certain solar power facilities owned by residential taxpayers. The Residential ITC was set to expire at the end of 2016. In December 2015, Congress passed legislation extending the Residential ITC for an additional five years with a ramp down from 30% to 26% for solar property commencing construction in 2020 and then further to 22% for solar property commencing construction in 2021. The Residential ITC is set to expire after 2021. Reductions in, eliminations of, or expirations of, governmental incentives such as the Residential ITC could reduce the number of customers who choose to purchase our solar energy systems.

Our growth depends in part on the success of our relationships with third parties, including our solar partners.

A key component of our growth strategy is to develop or expand our relationships with third parties. For example, we are investing resources in establishing strategic relationships with market players across a variety of industries, including large retailers, to generate new customers. These programs may not roll out as quickly as planned or produce the results we anticipated. A significant portion of our business depends on attracting and retaining new and existing solar partners. Negotiating relationships with our solar partners, investing in due diligence efforts with potential solar partners, training such third parties and contractors, and monitoring them for compliance with our standards require significant time and resources and may present greater risks and challenges than expanding a direct sales or installation team. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to grow our business and address our market opportunity could be impaired. Even if we are able to establish and maintain these relationships, we may not be able to execute on our goal of leveraging these relationships to meaningfully expand our business, brand recognition and customer base. This would limit our growth potential and our opportunities to generate significant additional revenue or cash flows.

We and our solar partners depend on a limited number of suppliers of solar panels and other system components to adequately meet anticipated demand for our solar service offerings. Any shortage, delay or component price change from these suppliers, or the acquisition of any of these suppliers by a competitor, could result in sales and installation delays, cancellations and loss of market share.

We and our solar partners purchase solar panels, inverters and other system components and batteries from a limited number of suppliers, making us susceptible to quality issues, shortages and price changes. If we or our solar partners fail to develop, maintain and expand our relationships with these or other suppliers, we may be unable to adequately meet anticipated demand for our solar service offerings, or we may only be able to offer our systems at higher costs or after delays. If one or more of the suppliers that we or our solar partners rely upon to meet anticipated demand ceases or reduces production, we may be unable to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and we may be unable to satisfy this demand. The acquisition of a supplier by one of our competitors could limit our access to such components and require significant redesigns of our solar energy systems or installation procedures and have a material adverse effect on our business.

In particular, there are a limited number of suppliers of inverters, which are components that convert electricity generated by solar panels into electricity that can be used to power the home. For example, once we design a system for use with a particular inverter, if that type of inverter is not readily available at an anticipated price, we may incur delays and additional expenses to redesign the system. Further, the inverters on our solar energy systems generally carry only ten year warranties. If there is an inverter equipment shortage in a year when a substantial number of inverters on our systems need to be replaced, we may not be able to replace the inverters to maintain proper system functioning or may be forced to do so at higher than anticipated prices, either of which would adversely impact our business.

There have also been periods of industry-wide shortage of key components, including solar panels, in times of rapid industry growth. For example, new or unexpected changes in rooftop fire codes or building codes may require new or different system components to satisfy compliance with such newly effective codes or regulations, which may not be readily available for distribution to us or our suppliers. The manufacturing infrastructure for some of these components has a long lead time, requires significant capital investment and relies on the continued availability of key commodity materials, potentially resulting in an inability to meet demand for these components and, as a result, could negatively impact our ability to install systems in a timely manner. Further, any decline in the exchange rate of the U.S. dollar compared to the functional currency of our component suppliers could increase our component prices. Any of these shortages, delays or price changes could limit our growth, cause cancellations or adversely affect our operating margins, and result in loss of market share and damage to our brand.

As the primary entity that contracts with homeowners, we are subject to risks associated with construction, cost overruns, delays, customer cancellations, regulatory compliance and other contingencies, any of which could have a material adverse effect on our business and results of operations.

We are a licensed contractor in certain communities that we service, and we are ultimately responsible as the contracting party for every solar energy system installation. We may be liable, either directly or through our solar partners, to homeowners for any damage we cause to them, their home, belongings or property during the installation of our systems. For example, we either directly or through our solar partners, frequently penetrate homeowners' roofs during the installation process and may incur liability for the failure to adequately weatherproof such penetrations following the completion of construction. In addition, because the solar energy systems we or our solar partners deploy are high voltage energy systems, we may incur liability for any failure to comply with electrical standards and manufacturer recommendations.

Completing the sale and installation of a solar energy system requires many different steps including a site audit, completion of designs, permitting, installation, electrical sign-off and interconnection. Homeowners may cancel their Customer Agreement, subject to certain conditions, during this process until commencement of installation, and we have experienced increased customer cancellations in certain geographic markets during certain periods throughout our operating history. We or our solar partners may face customer cancellations, delays or cost overruns which may adversely affect our or our solar partners' ability to ramp up the volume of sales or installations in accordance with our plans. These cancellations, delays or overruns may be the result of a variety of factors, such as labor shortages or other labor issues, defects in materials and workmanship, adverse weather conditions, transportation constraints, construction change orders, site changes or roof conditions, geographic factors and other unforeseen difficulties, any of which could lead to increased cancellation rates, reputational harm and other adverse effects. For example, some customer orders are cancelled after a site visit if we determine that a customer needs to make repairs to or install a new roof, or that there is excessive shading on their property. If we continue to experience increased customer cancellations, our financial results will potentially be materially and adversely affected.

In addition, the installation of solar energy systems, energy-storage systems and other energy-related products requiring building modifications are subject to oversight and regulation in accordance with national, state and local laws and ordinances relating to building, fire and electrical codes, safety, environmental protection, utility interconnection and metering, and related matters. We also rely on certain of our employees to maintain professional licenses in many of the jurisdictions in which we operate, and our failure to employ properly licensed personnel could adversely affect our licensing status in those jurisdictions. It is difficult and costly to track the requirements of every individual authority having jurisdiction over our installations and to design solar energy systems to comply with these varying standards. Any new government regulations or utility policies pertaining to our systems may result in significant additional expenses to us and our homeowners and, as a result, could cause a significant reduction in demand for our solar service offerings.

While we have a variety of stringent quality standards that we apply in the selection of our solar partners, we do not control our suppliers and solar partners or their business practices. Accordingly, we cannot guarantee that they follow our standards or ethical business practices, such as fair wage practices and compliance with environmental, safety and other local laws. A lack of demonstrated compliance could lead us to seek alternative suppliers or contractors, which could increase our costs and result in delayed delivery or installation of our products, product shortages or other disruptions of our operations. Violation of labor or other laws by our suppliers and solar partners or the divergence of a supplier's or solar partners' labor or other practices from those generally accepted as ethical in the United States or other markets in which we do business could also attract negative publicity for us and harm our business, brand and reputation in the market.

We typically bear the risk of loss and the cost of maintenance, repair and removal on solar energy systems that are owned or leased by our investment funds.

We typically bear the risk of loss and are generally obligated to cover the cost of maintenance, repair and removal for any solar energy system that we sell or lease to our investment funds. At the time we sell or lease a solar energy system to an investment fund, we enter into a maintenance services agreement where we agree to operate and maintain the system for a fixed fee that is calculated to cover our future expected maintenance costs. If our solar energy systems require an above-average amount of repairs or if the cost of repairing systems were higher than our estimate, we would need to perform such repairs without additional compensation. If our solar energy systems, approximately half of which are located in California, are damaged as the result of a natural disaster beyond our control, losses could exceed or be excluded from, our insurance policy limits, and we could incur unforeseen costs that could harm our business and financial condition. We may also incur significant costs for taking other actions in preparation for, or in reaction to, such events. We purchase property insurance with industry standard coverage and limits approved by an investor's third-party insurance advisors to hedge against such risk, but such coverage may not cover our losses.

Disruptions to our solar production metering solution could negatively impact our revenues and increase our expenses.

Our ability to monitor solar energy production for various purposes depends on the operation of our metering solution. We could incur significant expense and disruption to our operations in connection with failures of our metering solution, including meter hardware failures and failure of the cellular technology that we use to communicate with those meters. Many of our meters operate on either the 2G or 3G cellular data networks, which are expected to sunset before the term of our contract with homeowners. Upgrading our metering solution may cause us to incur a significant expense. Additionally, our meters communicate data through proprietary software, which we license from our metering partners. Should we be unable to continue to license, on agreeable terms, the software necessary to communicate with our meters, it could cause a significant disruption in our business and operations.

Problems with product quality or performance may cause us to incur warranty expenses and performance guarantee expenses, may lower the residual value of our solar energy systems and may damage our market reputation and cause our financial results to decline.

Homeowners who buy energy from us under leases or power purchase agreements are covered by production guaranties and roof penetration warranties. As the owners of the solar energy systems, we or our investment funds receive a warranty from the inverter and solar panel manufacturers, and, for those solar energy systems that we do not install directly, we receive workmanship and material warranties as well as roof penetration warranties from our solar partners. For example, in 2015 and 2014, we had to replace a significant number of defective inverters, the cost of which was borne by the manufacturer. However, our customers were without solar service for a period of time while the work was done, which impacted customer satisfaction. Furthermore, one or more of our third-party manufacturers or solar partners could cease operations and no longer honor these warranties, leaving us to fulfill these potential obligations to homeowners. Further, we provide a performance guarantee with certain solar service offerings pursuant to which we compensate homeowners on an annual basis if their system does not meet the electricity production guarantees set forth in their agreement with us. Homeowners who buy energy from us under leases or power purchase agreements are covered by production guarantees equal to the length of the term of these agreements, typically 20 years.

Because of our limited operating history, we have been required to make assumptions and apply judgments regarding a number of factors, including our anticipated rate of warranty claims and the durability, performance and reliability of our solar energy systems. Our assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial expense to repair or replace defective solar energy systems in the future or to compensate homeowners for systems that do not meet their production guarantees. Product failures or operational deficiencies also would reduce our revenue from power purchase or lease agreements because they are dependent on system production. Any widespread product failures or operating deficiencies may damage our market reputation and adversely impact our financial results.

Product liability claims against us could result in adverse publicity and potentially significant monetary damages.

If our solar service offerings, including our racking systems or other products, injured someone, we would be exposed to product liability claims. Because solar energy systems and many of our other current and anticipated products are electricity-producing devices, it is possible that consumers or their property could be injured or

damaged by our products, whether by product malfunctions, defects, improper installation or other causes. We rely on third-party manufacturing warranties, warranties provided by our solar partners and our general liability insurance to cover product liability claims and have not obtained separate product liability insurance. Any product liability claim we face could be expensive to defend and divert management's attention. The successful assertion of product liability claims against us could result in potentially significant monetary damages that could require us to make significant payments, as well as subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems and other products. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions to the industry as a whole, and may have an adverse effect on our ability to attract homeowners, thus affecting our growth and financial performance.

The value of our solar energy systems at the end of the associated term of the lease or power purchase agreement may be lower than projected, which may adversely affect our financial performance and valuation.

We depreciate the costs of our solar energy systems over their estimated useful life of 35 years. At the end of the initial 20-year term of the Customer Agreement, customers may choose to purchase their solar energy systems, ask to remove the system at our cost or renew their Customer Agreements. Homeowners may choose to not renew or purchase for any reason, such as pricing, decreased energy consumption, relocation of residence or switching to a competitor product.

Furthermore, it is difficult to predict how future environmental regulations may affect the costs associated with the removal, disposal or recycling of our solar energy systems. If the value in trade or renewal revenue is less than we expect, we may be required to recognize all or some of the remaining unamortized costs. This could materially impair our future results of operations.

Damage to our brand and reputation or failure to expand our brand would harm our business and results of operations.

We depend significantly on our brand and reputation for high-quality solar service offerings, engineering and customer service to attract homeowners and grow our business. If we fail to continue to deliver our solar service offerings within the planned timelines, if our solar service offerings do not perform as anticipated or if we damage any homeowners' properties or cancel projects, our brand and reputation could be significantly impaired. We also depend greatly on referrals from homeowners for our growth. Therefore, our inability to meet or exceed homeowners' expectations would harm our reputation and growth through referrals. Further, we have focused particular attention on expeditiously growing our direct sales force and our solar partners, leading us in some instances to hire personnel or partner with third parties who we may later determine do not fit our company culture. In addition, members of our direct sales force and our solar partners may engage in what is perceived as aggressive sales tactics that could be unappealing to customers, which could harm our brand and reputation with potential customers. If we cannot manage our hiring and training processes to avoid potential issues related to expanding our sales team or solar partners and maintain appropriate customer service levels, our business and reputation may be harmed and our ability to attract homeowners would suffer. In addition, if we were unable to achieve a similar level of brand recognition as our competitors, some of which currently have a broader brand footprint as a result of a larger direct sales force, more resources and longer operational history, we could lose recognition in the marketplace among prospective customers, suppliers and partners, which could affect our growth and financial performance. Our growth strategy involves marketing and branding initiatives that will involve incurring significant expenses in advance of corresponding revenues. We cannot assure you that such marketing and branding expenses will result in the successful expansion of our brand recognition or increase our revenues.

A failure to hire and retain a sufficient number of employees and service providers in key functions would constrain our growth and our ability to timely complete homeowners' projects and successfully manage homeowner accounts.

To support our growth, we need to hire, train, deploy, manage and retain a substantial number of skilled employees, engineers, installers, electricians, sales and project finance specialists. Competition for qualified personnel in our industry is increasing, particularly for skilled personnel involved in the installation of solar energy systems. We may be unable to attract or retain qualified and skilled installation personnel or installation companies to be our solar partners, which would have an adverse effect on our business. We and our solar partners also compete with the homebuilding and construction industries for skilled labor. As these industries grow and seek to hire additional workers, our cost of labor may increase. The unionization of the industry's labor force could also increase our labor costs. Shortages of skilled labor could significantly delay a project or otherwise increase our costs. Because our profit on a particular installation is based in part on assumptions as to the cost of such project, cost overruns, delays or other execution issues may cause us to not achieve our expected margins or cover our costs for that project. In addition, because we are headquartered in the San Francisco Bay Area, we compete for a limited pool of technical and engineering resources that requires us to pay wages that are competitive with relatively high regional standards for employees in these fields. Further, we need to continue to expand upon the training of our customer service team to provide high-end account management and service to homeowners before, during and following the point of installation of our solar energy systems. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new customer service person is fully trained and productive at the standards that we have established. If we are unable to hire, develop and retain talented customer service personnel, we may not be able to realize the expected benefits of this investment or grow our business.

In addition, to support the growth and success of our direct-to-consumer channel, we need to recruit, retain and motivate a large number of sales personnel on a continuing basis. We compete with many other companies for qualified sales personnel, and it could take many months before a new salesperson is fully trained on our solar service offerings. If we are unable to hire, develop and retain qualified sales personnel or if they are unable to achieve desired productivity levels, we may not be able to compete effectively.

If we or our solar partners cannot meet our hiring, retention and efficiency goals, we may be unable to complete homeowners' projects on time or manage homeowner accounts in an acceptable manner or at all. Any significant failures in this regard would materially impair our growth, reputation, business and financial results. If we are required to pay higher compensation than we anticipate, these greater expenses may also adversely impact our financial results and the growth of our business.

The loss of one or more members of our senior management or key employees may adversely affect our ability to implement our strategy.

We depend on our experienced management team, and the loss of one or more key executives could have a negative impact on our business. In particular, we are dependent on the services of our chief executive officer and co-founder, Lynn Jurich, and our Chairman and co-founder, Edward Fenster. We also depend on our ability to retain and motivate key employees and attract qualified new employees. Neither our founders nor our key employees are bound by employment agreements for any specific term, and we may be unable to replace key members of our management team and key employees in the event we lose their services. Integrating new employees into our management team could prove disruptive to our operations, require substantial resources and management attention and ultimately prove unsuccessful. An inability to attract and retain sufficient managerial personnel who have critical industry experience and relationships could limit or delay our strategic efforts, which could have a material adverse effect on our business, financial condition and results of operations.

We may not realize the anticipated benefits of past or future acquisitions, and integration of these acquisitions may disrupt our business and management.

We acquired MEC in February 2014 and Clean Energy Experts, LLC ("CEE") in April 2015. We may in the future acquire additional companies, project pipelines, products, or technologies or enter into joint ventures or other strategic initiatives. We may not realize the anticipated benefits of past or future acquisitions, and any acquisition has numerous risks that are not within our control. These risks include the following, among others:

- difficulty in assimilating the operations and personnel of the acquired company, especially given our unique culture;

- difficulty in effectively integrating the acquired technologies or products with our current products and technologies;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- disruption of our ongoing business and distraction of our management and employees from other opportunities and challenges due to integration issues;
- difficulty integrating the acquired company's accounting, management information and other administrative systems;
- inability to retain key technical and managerial personnel of the acquired business;
- inability to retain key customers, vendors and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our results of operations;
- significant post-acquisition investments which may lower the actual benefits realized through the acquisition;
- potential failure of the due diligence processes to identify significant issues with product quality, legal and financial liabilities, among other things;
- potential inability to assert that internal controls over financial reporting are effective; and
- potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities, which could delay or prevent such acquisitions.

Our failure to address these risks, or other problems encountered in connection with our past or future acquisitions, could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, incremental expenses or the write-off of goodwill, any of which could harm our financial condition or results of operations.

Mergers and acquisitions of companies are inherently risky, may not produce the anticipated benefits and could adversely affect our business, financial condition or results of operations.

If we are unsuccessful in developing and maintaining our proprietary technology, including our BrightPath software, our ability to attract and retain solar partners could be impaired, our competitive position could be harmed and our revenue could be reduced.

Our future growth depends on our ability to continue to develop and maintain our proprietary technology that supports our solar service offerings, including our design and proposal software, BrightPath. In addition, we rely, and expect to continue to rely, on licensing agreements with certain third parties for aerial images that allow us to efficiently and effectively analyze a homeowner's rooftop for solar energy system specifications. In the event that our current or future products require features that we have not developed or licensed, or we lose the benefit of an existing license, we will be required to develop or obtain such technology through purchase, license or other arrangements. If the required technology is not available on commercially reasonable terms, or at all, we may incur additional expenses in an effort to internally develop the required technology. In addition, our BrightPath software was developed, in part, with U.S. federal government funding. When new technologies are developed with U.S. government funding, the government obtains certain rights in any resulting patents, including a nonexclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose our confidential information to third parties and to exercise "march-in" rights to use or allow third parties to use our patented technology. We are also subject to certain reporting and other obligations to the U.S. government in connection with funding for BrightPath. If we were unable to maintain our existing proprietary technology, our ability to attract and retain solar partners could be impaired, our competitive position could be harmed and our revenue could be reduced.

Our business may be harmed if we fail to properly protect our intellectual property, and we may also be required to defend against claims or indemnify others against claims that our intellectual property infringes on the intellectual property rights of third parties.

We believe that the success of our business depends in part on our proprietary technology, including our software, information, processes and know-how. We rely on copyright, trade secret and patent protections to secure our intellectual property rights. Although we may incur substantial costs in protecting our technology, we cannot be certain that we have adequately protected or will be able to adequately protect it, that our competitors will not be able to utilize our existing technology or develop similar technology independently, that the claims allowed with respect to any patents held by us will be broad enough to protect our technology or that foreign intellectual property laws will adequately protect our intellectual property rights. Moreover, we cannot be certain that our patents provide us with a competitive advantage. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business. In the future, some of our products could be alleged to infringe existing patents or other intellectual property of third parties, and we cannot be certain that we will prevail in any intellectual property dispute. In addition, any future litigation required to enforce our patents, to protect our trade secrets or know-how or to defend us or indemnify others against claimed infringement of the rights of third parties could harm our business, financial condition and results of operations.

The Office of the Inspector General of the U.S. Department of the Treasury has issued subpoenas to a number of significant participants in the rooftop solar energy installation industry, including us. The subpoena we received requires us to deliver certain documents in our possession relating to our participation in the U.S. Treasury grant program. These documents have been delivered to the Office of the Inspector General of the U.S. Department of Treasury, which is investigating the administration and implementation of the U.S. Treasury grant program.

In July 2012, we and other companies that are significant participants in both the solar industry and the cash grant program (under Section 1603 of the American Recovery and Reinvestment Act of 2009) received subpoenas from the U.S. Department of the Treasury's Office of the Inspector General. Our subpoena requested, among other things, documents that relate to our applications for U.S. Treasury grants and communications with certain other solar service companies or certain firms that appraise solar energy property for U.S. Treasury grant application purposes. The Inspector General is working with the Civil Division of the U.S. Department of Justice to investigate the administration and implementation of the U.S. Treasury grant program, including possible misrepresentations concerning the fair market value of the solar power systems submitted for grant under that program made in grant applications by companies in the solar industry, including us. We produced documents and testimony as requested by the Inspector General, and we intend to continue to cooperate fully with the Inspector General and the Department of Justice. We are not able to predict how long this review will be on-going. If, at the conclusion of the investigation, the Inspector General concludes that misrepresentations were made, the Department of Justice could decide to bring a civil action to recover amounts it believes were improperly paid to us. If it were successful in asserting this action, we could be required to pay damages and penalties for any funds received based on such misrepresentations (which, in turn, could require us to make indemnity payments to certain of our fund investors). Additionally, the period of time necessary to resolve the investigation is uncertain, and this matter could require significant management and financial resources that could otherwise be devoted to the operation of our business.

We are subject to legal proceedings, regulatory inquiries and litigation, and we may be named in additional legal proceedings, become involved in regulatory inquiries or be subject to litigation in the future, all of which are costly, distracting to our core business and could result in an unfavorable outcome, or a material adverse effect on our business, financial condition, results of operations, or the trading price for our securities.

We are involved in legal proceedings and receive inquiries from government and regulatory agencies. For example, in addition to the pending U.S. Department of the Treasury investigation discussed above, in connection with its review of the Department of Treasury's Section 1603 program, which allows taxpayers to receive cash grants for certain qualified renewable energy projects, the United States Senate Committee on Finance and the House Committee on Ways and Means sent us an inquiry regarding our use of solar energy incentives, third-party financing, and methods of determining cost basis for solar energy properties, to which we have responded. In the event that we are involved in significant disputes or are the subject of a formal action by a regulatory agency, we could be exposed to costly and time consuming legal proceedings that could result in any number of outcomes. Although outcomes of such actions vary, any current or future claims or regulatory actions initiated by or against us,

whether successful or not, could result in significant costs, costly damage awards or settlement amounts, injunctive relief, increased costs of business, fines or orders to change certain business practices, significant dedication of management time, diversion of significant operational resources, or otherwise harm our business.

If we are not successful in our legal proceedings and litigation, we may be required to pay significant monetary damages, which could hurt our results of operations. Lawsuits are time-consuming and expensive to resolve and divert management's time and attention. Although we carry general liability insurance, our insurance may not cover potential claims or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict how the courts will rule in any potential lawsuit against us. Decisions in favor of parties that bring lawsuits against us could subject us to significant liability for damages, adversely affect our results of operations and harm our reputation.

A failure to comply with laws and regulations relating to our interactions with current or prospective residential customers could result in negative publicity, claims, investigations, and litigation, and adversely affect our financial performance.

Our business involves transactions with homeowners. We must comply with numerous federal, state and local laws and regulations that govern matters relating to our interactions with homeowners, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvement contracts, warranties and direct-to-home solicitation. These laws and regulations are dynamic and subject to potentially differing interpretations, and various federal, state and local legislative and regulatory bodies may expand current laws or regulations, or enact new laws and regulations, regarding these matters. Changes in these laws or regulations or their interpretation could dramatically affect how we do business, acquire customers, and manage and use information we collect from and about current and prospective customers and the costs associated therewith. We strive to comply with all applicable laws and regulations relating to our interactions with residential customers. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Our noncompliance with any such laws or regulations, or the perception that we or our solar partners have violated such laws or regulations or engaged in deceptive practices that could result in a violation, could also expose us to claims, proceedings, litigation and investigations by private parties and regulatory authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business. We have incurred, and will continue to incur, significant expenses to comply with such laws and regulations, and increased regulation of matters relating to our interactions with residential customers could require us to modify our operations and incur significant additional expenses, which could have an adverse effect on our business, financial condition and results of operations.

Compliance with occupational safety and health requirements and best practices can be costly, and noncompliance with such requirements may result in potentially significant penalties, operational delays and adverse publicity.

The installation of solar energy systems requires our employees and employees of our solar partners to work with complicated and potentially dangerous electrical systems. The evaluation and installation of our energy-related products require these employees to work in locations that may contain potentially dangerous levels of asbestos, lead or mold or other substances. We also maintain large fleets of vehicles that these employees use in the course of their work. There is substantial risk of serious injury or death if proper safety procedures are not followed. Our operations are subject to regulation under the U.S. Occupational Safety and Health Act ("OSHA") and equivalent state laws. Changes to OSHA requirements, or stricter interpretation or enforcement of existing laws or regulations, could result in increased costs. If we fail to comply with applicable OSHA regulations, even if no work-related serious injury or death occurs, we may be subject to civil or criminal enforcement and be required to pay substantial penalties, incur significant capital expenditures, or suspend or limit operations. Any accidents, citations, violations, injuries or failure to comply with industry best practices may subject us to adverse publicity, damage our reputation and competitive position and adversely affect our business.

We are exposed to the credit risk of homeowners and payment delinquencies on our accounts receivables.

Our Customer Agreements are typically for 20 years and require the homeowner to make monthly payments to us. Accordingly, we are subject to the credit risk of homeowners. As of December 31, 2017, the average FICO score of our customers under a lease or power purchase agreement with a monthly payment schedule remained at or above 740, which is generally categorized as a "Very Good" credit profile by the Fair Isaac Corporation. However, this may decline to the extent FICO score requirements under future investment funds are relaxed. While to date homeowner defaults have been immaterial, we expect that the risk of homeowner defaults may increase as we grow our business. Due to the immaterial amount of homeowner defaults to date, our reserve for this exposure is minimal, and our future exposure may exceed the amount of such reserves. If we experience increased homeowner credit defaults, our revenues and our ability to raise new investment funds could be adversely affected. If economic conditions worsen, certain of our homeowners may face liquidity concerns and may be unable to satisfy their payment obligations to us on a timely basis or at all, which could have a material adverse effect on our financial condition and results of operations.

Obtaining a sales contract with a potential customer does not guarantee that a potential customer will not decide to cancel or that we will need to cancel due to a failed inspection, which could cause us to generate no revenue from a product and adversely affect our results of operations.

Even after we secure a sales contract with a potential customer, we (either directly or through our solar partners) must perform an inspection to ensure the home, including the rooftop, meets our standards and specifications. If the inspection finds repairs to the rooftop are required in order to satisfy our standards and specifications to install the solar energy system, and a potential customer does not want to make such required repairs, we would lose that anticipated sale. In addition, per the terms of our Customer Agreements, a customer maintains the ability to cancel before commencement of installation, subject to certain conditions. Any delay or cancellation of an anticipated sale could materially and adversely affect our financial results, as we may have incurred significant expense and generated no revenue.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members and officers.

We are subject to the reporting requirements of the Exchange Act, the listing requirements of the NASDAQ Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs, made some activities more difficult, time-consuming or costly and increased demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. To maintain and improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

We use "open source" software in our solutions, which may require that we release the source code of certain software subject to open source licenses or subject us to possible litigation or other actions that could adversely affect our business.

We utilize software that is licensed under so-called "open source," "free" or other similar licenses. Open source software is made available to the general public on an "as-is" basis under the terms of a non-negotiable license. We currently combine our proprietary software with open source software but not in a manner that we believe requires the release of the source code of our proprietary software to the public. However, our use of open source software may entail greater risks than use of third-party commercial software. Open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. In addition, if we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time.

We may also face claims alleging noncompliance with open source license terms or infringement or misappropriation of proprietary software. These claims could result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for open source software that we use change, we may be forced to re-engineer our solutions, incur additional costs or discontinue the use of these solutions if re-engineering cannot be accomplished on a timely basis. Although we monitor our use of open source software to avoid subjecting our offerings to unintended conditions, few courts have interpreted open source licenses, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to use our proprietary software. We cannot guarantee that we have incorporated or will incorporate open source software in our software in a manner that will not subject us to liability or in a manner that is consistent with our current policies and procedures.

Any security breach or unauthorized disclosure or theft of personal information we gather, store and use, or other hacking and phishing attacks on our systems, could harm our reputation and subject us to claims or litigation.

We receive, store and use personal information of homeowners, including names, addresses, e-mail addresses, credit information and other housing and energy use information, as well as the personal information of our employees. Unauthorized disclosure of such personal information, whether through breach of our systems by an unauthorized party, employee theft or misuse, or otherwise, could harm our business. In addition, computer malware, viruses, social engineering (predominantly spear phishing attacks), and general hacking have become more prevalent, have occurred on our systems in the past, and could occur on our systems in the future. Inadvertent disclosure of such personal information, or if a third party were to gain unauthorized access to the personal information in our possession, could result in claims or litigation arising from damages suffered by such individuals. In addition, we could incur significant costs in complying with the multitude of federal, state and local laws regarding the unauthorized disclosure of personal information. Our efforts to protect such personal information may be unsuccessful due to software bugs or other technical malfunctions; employees, contractor, or vendor error or malfeasance; or other threats that evolve. In addition, third parties may attempt to fraudulently induce employees or users to disclose sensitive information. Although we have developed systems and processes that are designed to protect the personal information we receive, store and use and to prevent or detect security breaches, we cannot assure you that such measures will provide absolute security. Finally, any perceived or actual unauthorized disclosure of such information could harm our reputation, substantially impair our ability to attract and retain homeowners and have an adverse impact on our business.

If our products do not work as well as planned or if we are unsuccessful in developing and selling new products or in penetrating new markets, our business, financial condition and results of operations could be adversely affected.

Our success and ability to compete are dependent on the products which we have developed or may develop in the future. There is a risk that the products that we have developed or may develop may not work as intended, or that the marketing of the products may not be as successful as anticipated. For example, we introduced our BrightBox energy storage system in Hawaii and California and completed the first installation in Hawaii in May 2016. If BrightBox does not work as intended or if BrightBox is not adopted in the future at the rate we expect, our business, financial condition and results of operations could be adversely affected. The development of new products generally requires substantial investment and can require long development and testing periods before they are commercially viable. We intend to continue to make substantial investments in developing new products and it is possible that that we may not develop or acquire new products or product enhancements that compete effectively within our target markets or differentiate our products based on functionality, performance or cost and thus our new technologies and products may not result in meaningful revenue. In addition, any delays in developing and releasing new or enhanced products could cause us to lose revenue opportunities and potential customers. Any technical flaws in product releases could diminish the innovative impact of our products and have a negative effect on customer adoption and our reputation. If we fail to introduce new products that meet the demands of our customers or target markets or do not achieve market acceptance, or if we fail to penetrate new markets, our business, financial conditions and results of operations could be adversely affected.

We are obligated to maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal

controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We are required, pursuant to the Exchange Act, to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal controls over financial reporting. When we are no longer an emerging growth company, our management report on internal control over financial reporting will need to be attested to by our independent registered public accounting firm. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

We may fail to establish and maintain effective internal control over financial reporting, in which case we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. In addition, we cannot guarantee that our internal control over financial reporting will prevent or detect all errors and fraud. The risk of errors is increased in light of the complexity of our business and investment funds. For example, we must deal with significant complexity in accounting for our fund structures and the resulting allocation of net income (loss) between our stockholders and noncontrolling interests under the hypothetical liquidation at book value ("HLBV") method as well as the income tax consequences of these fund structures. As we enter into additional investment funds, which may have contractual provisions different from those of our existing funds, the analysis as to whether we consolidate these funds, the calculation under the HLBV method, and the analysis of the tax impact could become increasingly complicated. This additional complexity could require us to hire additional resources and increase the chance that we experience errors in the future.

Historically, in connection with the audits of our consolidated financial statements for the years ended December 31, 2013 and 2012, we identified material weaknesses in our internal control over financial reporting relating to certain aspects of our financial statement close process and our accounting for income taxes. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. These material weaknesses resulted from an aggregation of deficiencies.

In addition, in the 2013 consolidated financial statements, we incorrectly accounted for our deferred tax liabilities, prepaid tax asset and the related amortization as it related to income taxes incurred on intercompany transactions. The foregoing resulted in the restatement of our 2012 consolidated financial statements. Subsequent to the quarter ended March 31, 2015, we also identified and corrected an immaterial error related to the accounting for taxes on intercompany transactions.

While we were able to determine in our management's report for fiscal years 2016 and 2017 that our internal control over financial reporting is effective, we may not be able to complete our evaluation, testing and any required remediation in a timely fashion in future fiscal years. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting that we are unable to remediate before the end of the same fiscal year in which the material weakness is identified, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline. In addition, we could become subject to investigations by the NASDAQ Stock Market, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

We may be adversely affected by changes in U.S. tax laws.

On December 22, 2017 Congress and the current administration passed significant tax reform legislation including a change to the corporate tax rate. As part of this tax reform, the current corporate income tax rate was reduced, and there were other changes including limiting or eliminating various other deductions, credits and tax preferences. This reduction in the corporate income tax rate could reduce the value of certain benefits, such as depreciation, and reduce capacity for other benefits, such as tax credits. Limitations on, or elimination of, such tax benefits could significantly impact our ability to raise tax equity investment funds or impact the terms thereof, including the amount of cash distributable to third parties. At this time, the Company is estimating the potential impact on our tax equity investment funds, business, prospects and results of operations as a result of enactment, since the impact is dependent upon certain tax treatment elections and the specific timing of taxable income/losses in future years. The new legislation includes significant changes which require additional guidance to be issued by the IRS.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2017, we had U.S. federal net operating loss carryforwards of approximately \$699.6 million and state net operating loss carryforwards of approximately \$634.7 million, which begin expiring in varying amounts in 2028 and 2024, respectively, if unused. Under Sections 382 and 383 of the Code if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Any such limitations on our ability to use our net operating loss carryforwards and other tax assets could adversely impact our business, financial condition and results of operations.

We may be required to record a charge to earnings if our goodwill or intangible assets become impaired.

We are required under generally accepted accounting principles to test goodwill for impairment at least annually or when events or changes in circumstances indicate that the carrying amount may be impaired, and to review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that can lead to impairment of goodwill and intangible assets include significant adverse changes in the business climate and actual or projected operating results, declines in the financial condition of our business and sustained decrease in our stock price. As of December 31, 2017, our market capitalization did not exceed our carrying value and we performed a step 1 analysis in accordance with ASU 350 *Intangibles - Goodwill and Other* and determined that our fair value exceeded our carrying value and thus we did not have an impairment related to our goodwill. However, if we identify any factors that could indicate an impairment, including a sustained decrease in our stock price, we may be required to record charges to earnings if our goodwill becomes impaired.

Risks Related to Ownership of Our Common Stock

Our executive officers, directors and principal stockholders continue to have substantial control over us, which will limit your ability to influence the outcome of important matters, including a change in control.

Each of our executive officers, directors and each of our stockholders who beneficially own 5% or more of our outstanding common stock and their affiliates, in the aggregate, beneficially own approximately 52.4% of the outstanding shares of our common stock, based on the number of shares outstanding as of December 31, 2017. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying or preventing a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock and might ultimately affect the market price of our common stock.

The market price of our common stock has been and may continue to be volatile, and you could lose all or part of your investment.

The trading price of our common stock has been volatile since our initial public offering, and is likely to continue to be volatile. Factors that could cause fluctuations in the market price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of companies in our industry or companies that investors consider comparable;
- changes in operating performance and stock market valuations of other companies generally, or those in our industry in particular;
- sales of shares of our common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations;
- changes in tax and other incentives that we rely upon in order to raise tax equity investment funds;
- changes in the regulatory environment and utility policies and pricing, including those that could reduce the savings we are able to offer to customers;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

Further, in recent years the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. In addition, the stock prices of many renewable energy companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, government shutdowns, interest rate changes, or international currency fluctuations, may cause the market price of our common stock to decline. In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. We are party to litigation which could result in substantial costs and a diversion of our management's attention and resources.

Sales of a substantial number of shares of our common stock in the public market, including by our existing stockholders, could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that these sales and others may have on the prevailing market price of our common stock.

In addition, certain of our stockholders have registration rights that would require us to register shares of our capital stock owned by them for public sale in the United States. We have also filed a registration statement to register shares of our common stock reserved for future issuance under our equity compensation plans. Subject to the satisfaction of applicable exercise periods and applicable volume and restrictions that apply to affiliates, the shares of our common stock issued upon exercise of outstanding options will become available for immediate resale in the public market upon issuance.

Future sales of our common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the market price of our common stock to decline and make it more difficult for you to sell shares of our common stock.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors and therefore depress the trading price of our common stock. Among other things, our amended and restated certificate of incorporation and amended and restated bylaws include provisions:

- creating a classified board of directors whose members serve staggered three-year terms;
- authorizing "blank check" preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; and
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents certain stockholders holding more than 15% of our outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding capital stock not held by such stockholder.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws limit the ability of our stockholders to call special meetings and prohibit stockholder action by written consent.

Our amended and restated certificate of incorporation provides that our stockholders may not take action by written consent. Instead, any such actions must be taken at an annual or special meeting of our stockholders. As a result, our stockholders are not able to take any action without first holding a meeting of our stockholders called in accordance with the provisions of our amended and restated bylaws, including advance notice procedures set forth in our amended and restated bylaws. Our amended and restated bylaws further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President. As a result, our stockholders are not allowed to call a special meeting. These provisions may delay the ability of our stockholders to force consideration of a stockholder proposal, including a proposal to remove directors.

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws could preclude our stockholders from bringing matters before meetings of stockholders and delay changes in our board of directors.

Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before, or nominate candidates for election as directors at, our annual or special meetings of stockholders. In addition, our amended and restated certificate of incorporation provides that stockholders may remove directors only for cause. Any amendment of these provisions in our amended and restated bylaws or amended and restated certificate of incorporation would require approval by holders of at least 66 2/3% of our then outstanding capital stock. These provisions could preclude our stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors.

Our amended and restated bylaws provide that a state or federal court located within the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws provide that, unless we consent to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or (iv) any action asserting a claim governed by the internal affairs doctrine shall be a state or federal court located within the state of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition.

If securities or industry analysts cease publishing research or reports about us, our business, our market or our competitors, or if they adversely change their recommendations regarding our common stock, the market price of our common stock and trading volume could decline.

The market for our common stock is influenced by the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. If any of the analysts who cover us adversely change their recommendations regarding our common stock, or provide more favorable recommendations about our competitors, the market price of our common stock would likely decline. If any of the analysts who cover us cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price of our common stock and trading volume to decline.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of our common stock.

Additional stock issuances could result in significant dilution to our stockholders.

We may issue additional equity securities to raise capital, make acquisitions or for a variety of other purposes. Additional issuances of our stock may be made pursuant to the exercise or conversion of new or existing convertible debt securities, warrants, stock options or other equity incentive awards to new and existing service providers. Any such issuances will result in dilution to existing holders of our stock. We rely on equity-based compensation as an important tool in recruiting and retaining employees. The amount of dilution due to equity-based compensation of our employees and other additional issuances could be substantial.

As an emerging growth company within the meaning of the Securities Act, we will utilize certain modified disclosure requirements, and we cannot be certain if these reduced requirements will make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies." These exemptions include not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We are utilizing, and we plan in future filings with the SEC to continue to utilize, the modified disclosure requirements available to emerging growth companies. As a result, our stockholders may not have access to certain information they may deem important. We could remain an "emerging growth company" for up to five years following the anniversary of our initial public offering, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenue reaches or exceeds \$1.0 billion, (2) the date that we become a "large accelerated filer" as defined in the Exchange Act, which could occur as early as January 1, 2019 or (3) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the preceding three-year period.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our corporate headquarters and executive offices are located in San Francisco, California, where we occupy approximately 56,000 square feet of office space. We also maintain 51 other locations, consisting primarily of branch offices, warehouses, sales offices and design centers in thirteen states.

We lease all of our facilities and we do not own any real property. We believe that our current facilities are adequate to meet our ongoing needs. If we require additional space, we believe that we will be able to obtain additional facilities on commercially reasonable terms.

Item 3. Legal Proceedings.

See Note 21, *Commitments and Contingencies*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities .

Market Information

Our common stock began trading on the NASDAQ Global Select Market under the symbol "RUN" on August 5, 2015.

Holders of Record

As of March 2, 2018, there were approximately 181 holders of record of common stock. Certain shares are held in "street" name and, accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number.

Price Range of Our Common Stock

The following table sets forth the reported high and low sales prices of our common stock for the years ended December 31, 2017 and 2016, as regularly quoted on the NASDAQ Global Select Market:

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	High	Low	High	Low
First Quarter	\$ 6.50	\$ 4.79	\$ 11.49	\$ 4.86
Second Quarter	\$ 7.35	\$ 4.59	\$ 8.45	\$ 5.11
Third Quarter	\$ 7.78	\$ 4.21	\$ 6.90	\$ 4.90
Fourth Quarter	\$ 6.73	\$ 5.31	\$ 7.34	\$ 4.15

Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not expect to pay any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. In addition, our credit agreements contain restrictions on payments of cash dividends.

Stock Price Performance Graph

The following stock performance graph compares our total stock return with the total return for (i) the NASDAQ Composite Index and the (ii) the Guggenheim Solar ETF, which represents a peer group of solar companies, for the period from August 5, 2015 (the date our common stock commenced trading on the NASDAQ Global Select Market) through December 31, 2017. The figures represented below assume an investment of \$100 in our common stock at the closing price of \$10.77 on August 5, 2015 and in the NASDAQ Composite Index and the Guggenheim Solar ETF on August 5, 2015 including the reinvestment of dividends into shares of common stock. The comparisons in the table are required by the Securities and Exchange Commission, or "SEC", and are not intended to forecast or be indicative of possible future performance of our common stock. This graph shall not be deemed "soliciting material" or be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



	Ticker	August 5, 2015	December 31, 2016	December 31, 2017
Sunrun Inc.	RUN	\$ 100.00	\$ 49.30	\$ 54.78
NASDAQ Composite Index	^IXIC	\$ 100.00	\$ 104.73	\$ 134.31
Guggenheim Solar ETF	TAN	\$ 100.00	\$ 52.30	\$ 79.31

Item 6. Selected Consolidated Financial Data.

You should read the following selected consolidated financial data below in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements, related notes and other financial information included elsewhere in this Annual Report on Form 10-K. The selected consolidated financial data in this section is not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

The selected consolidated statements of operations data for the years ended December 31, 2017, 2016 and 2015, and the selected consolidated balance sheet data as of December 31, 2017 and 2016 are derived from our audited consolidated financial statements included elsewhere in this Form 10-K. Our historical results are not necessarily indicative of the results that may be expected in the future.

	Year Ended December 31,		
	2017	2016	2015
	<i>(in thousands, except per share amounts)</i>		
Revenue:			
Operating leases and incentives	\$ 231,433	\$ 168,417	\$ 118,004
Solar energy systems and product sales	298,266	285,481	186,602
Total revenue	529,699	453,898	304,606
Operating expenses:			
Cost of operating leases and incentives	193,954	159,858	111,784
Cost of solar energy systems and product sales	254,131	239,381	168,751
Sales and marketing	137,115	162,781	145,477
Research and development	15,079	10,199	9,657
General and administrative	107,420	92,377	84,442
Amortization of intangible assets	4,204	4,206	3,695
Total operating expenses	711,903	668,802	523,806
Loss from operations	(182,204)	(214,904)	(219,200)
Interest expense, net	70,518	53,244	33,236
Other expenses (income), net	1,874	(840)	1,769
Loss before income taxes	(254,596)	(267,308)	(254,205)
Income tax expense (benefit)	32,138	35,993	(5,299)
Net loss	(286,734)	(303,301)	(248,906)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(411,259)	(394,988)	(220,660)
Net income (loss) attributable to common stockholders	\$ 124,525	\$ 91,687	\$ (28,246)
Less: Deemed dividend to convertible preferred stockholders	—	—	(24,890)
Net income (loss) available to common stockholders	\$ 124,525	\$ 91,687	\$ (53,136)
Net income (loss) per share available to common shareholders			
Basic	\$ 1.18	\$ 0.90	\$ (0.96)
Diluted	\$ 1.15	\$ 0.87	\$ (0.96)
Weighted average shares used to compute net income (loss) per share attributable to common stockholders			
Basic	105,432	102,367	55,091
Diluted	108,206	104,964	55,091

	As of December 31,	
	2017	2016
	<i>(in thousands)</i>	
Consolidated Balance Sheet Data:		
Cash and Restricted Cash	241,790	218,246
Solar energy systems, net	3,319,708	2,629,366
Total assets	3,927,874	3,572,818
Non-recourse debt, current portion	21,529	14,153
Recourse debt, net of current portion	247,000	244,000
Non-recourse debt, net of current portion	1,026,416	639,870
Redeemable noncontrolling interests	123,737	137,907
Total equity	1,166,074	924,186

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations .

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include those identified below and those discussed in the section titled "Risk Factors" included elsewhere in this Annual Report on Form 10-K.

We provide clean, solar energy to homeowners at a significant savings compared to traditional utility energy. We have been selling solar energy to residential customers through a variety of offerings since we were founded in 2007. We, either directly or through one of our solar partners, install a solar energy system on a customer's home and either sell the system to the homeowner or, as is more often the case, sell the energy generated by the system to the homeowner pursuant to a lease or power purchase agreement ("PPA") with no or low upfront costs. We refer to these leases and PPAs as "Customer Agreements." Following installation, a system is interconnected to the local utility grid. The home's energy usage is provided by the solar energy system, with any additional energy needs provided by the local utility. Unless the solar energy system is connected to a battery, any excess solar energy that is not immediately used by the homeowners is exported to the utility grid using a bi-directional utility net meter, and the homeowner generally receives a credit for the excess energy from their utility to offset future usage of utility-generated energy.

We offer our solar service offerings both directly to the homeowner and through our solar partners, which include sales and installation partners, and strategic partners, which include retail partners. In addition, we sell solar energy systems directly to customers for cash. We also sell solar energy panels and other products (such as racking) to resellers. As of December 31, 2017, we provided our solar services to customers in 22 states, plus the District of Columbia, and sold solar energy panels and other products to resellers throughout the United States. Approximately half of our cumulative systems deployed are in California.

We compete mainly with traditional utilities. In the markets we serve, our strategy is to price the energy we sell below prevailing local retail electricity rates. As a result, the price our customers pay to buy energy from us through our solar service offerings varies depending on the state where the customer lives, the local traditional utility that otherwise provides electricity to the customer, as well as the prices other solar energy companies charge in that region. Even within the same neighborhood, site-specific characteristics drive meaningful variability in the revenue and cost profiles of each home. Using our proprietary technology, we target homes with advantageous revenue and cost characteristics, which means we are often able to offer pricing that allows customers to save more on their energy bill while maintaining our ability to meet our targeted returns. For example, with the insights provided by our technology, we can offer competitive pricing to customers with homes that have favorable characteristics, such as roofs that allow for easy installation, high electricity consumption, or low shading, effectively passing through the cost savings we are able to achieve on these installations to the homeowner.

Our ability to offer Customer Agreements depends in part on our ability to finance the purchase and installation of the solar energy systems by monetizing the resulting customer cash flows and related investment tax credits ("ITCs"), accelerated tax depreciation and other incentives from governments and local utilities. We monetize these incentives under tax equity investment funds, which are generally structured as non-recourse project financings. From inception to March 2, 2018, we have established 34 investment funds, which represent financing for an estimated \$6.2 billion in value of solar energy systems on a cumulative basis. We intend to establish additional investment funds and may also use debt, equity and other financing strategies to fund our growth.

In addition, completing the sale and installation of a solar energy system requires many different steps including a site audit, completion of designs, permitting, installation, electrical sign-off and interconnection. Homeowners may cancel their Customer Agreements with us, subject to certain conditions, during this process until commencement of installation. Customer cancellation rates can change over time and vary between markets. For example, we experienced increased customer cancellations in 2016 in certain markets.

Recent Developments

In February 2018, we and the lenders executed Amendment No. 5 (the "Amendment") to our \$250.0 million syndicated working capital facility dated as of April 1, 2015, as amended from time to time ("Credit Facility"). The Amendment extends the maturity date of the Credit Facility to April 1, 2020 from its current maturity date of April 1, 2018. Other terms of the Credit Facility remain substantially the same, except the Amendment (i) increases the minimum interest coverage ratio from 2.0:1.0 to 3.0:1.0 and (ii) requires the Company to maintain an unencumbered cash balance of \$30.0 million at the end of each calendar quarter starting on March 31, 2018. Under the terms of the Amendment, the interest coverage ratio was 8.2:1 as of September 30, 2017.

Investment Funds

Our Customer Agreements provide for recurring customer payments, typically over 20 years, and the related solar energy systems are generally eligible for ITCs, accelerated tax depreciation and other government or utility incentives. Our financing strategy is to monetize these benefits at a low weighted average cost of capital. This low cost of capital enables us to offer attractive pricing to our customers for the energy generated by the solar energy system on their homes. Historically, we have monetized a portion of the value created by our Customer Agreements and the related solar energy systems through investment funds. These assets are attractive to fund investors due to the long-term, recurring nature of the cash flows generated by our Customer Agreements, the high credit scores of our customers, the fact that energy is a non-discretionary good and our low loss rates. In addition, fund investors can receive attractive after-tax returns from our investment funds due to their ability to utilize ITCs, accelerated depreciation and certain government or utility incentives associated with the funds' ownership of solar energy systems.

From inception to March 2, 2018, we have formed 34 investment funds. Of these 34 funds, 27 are currently active and are described below. We have established different types of investment funds to implement our asset monetization strategy. Depending on the nature of the investment fund, cash may be contributed to the investment fund by the investor upfront or in stages based on milestones associated with the design, construction or interconnection status of the solar energy systems. The cash contributed by the fund investor is used by the investment fund to purchase solar energy systems. The investment funds either own or enter into a master lease with a Sunrun subsidiary for the solar energy systems, Customer Agreements and associated incentives. We receive on-going cash distributions from the investment funds representing a portion of the monthly customer payments received. We use the upfront cash, as well as on-going distributions to cover our costs associated with designing, purchasing and installing the solar energy systems. In addition, we also use debt, equity and other financing strategies to fund our operations. The allocation of the economic benefits between us and the fund investor and the corresponding accounting treatment varies depending on the structure of the investment fund.

We currently utilize three legal structures in our investment funds, which we refer to as: (i) lease pass-throughs, (ii) partnership flips and (iii) joint venture ("JV") inverted leases. We reflect lease pass-through arrangements on our consolidated balance sheet as a lease pass-through financing obligation. We record the investor's interest in partnership flips or JV inverted leases (which we define collectively as "consolidated joint ventures") as noncontrolling interests or redeemable noncontrolling interests. These consolidated joint ventures are usually redeemable at our option and, in certain cases, at the investor's option. If redemption is at our option or the consolidated joint ventures are not redeemable, we record the investor's interest as a noncontrolling interest and account for the interest using the hypothetical liquidation at book value ("HLBV") method. If the investor has the option to put their interest to us, we record the investor's interest as redeemable noncontrolling interest at the greater of the HLBV and the redemption value.

The table below provides an overview of our current investment funds (in millions, except number of funds and MW Deployed):

	Lease Pass-Through	Consolidated Joint Ventures	
		Partnership Flip	JV Inverted Lease
Consolidation	Owner entity consolidated, tenant entity not consolidated	Single entity, consolidated	Owner and tenant entities consolidated
Balance sheet classification	Lease pass-through financing obligation	Redeemable noncontrolling interests and noncontrolling interests	Redeemable noncontrolling interests and noncontrolling interests
Revenue from ITCs	Recognized annually over 5 years as the recapture period elapses	None	None
Method of calculating investor interest	Effective interest rate method	Greater of HLBV or redemption value	Greater of HLBV or redemption value; or pro rata
Liability balance as of December 31, 2017	\$ 144.2	N/A	N/A
Noncontrolling interest balance (redeemable or otherwise) as of December 31, 2017	N/A	\$ 440.0	\$ 37.8
Number of funds (as of December 31, 2017)	5	18	4
MW deployed (as of December 31, 2017)	129.4	693.8	114.2
Carrying value of solar energy systems, net (as of December 31, 2017)	\$ 423.5	\$ 1,901.0	\$ 369.1
Contributions from third-party fund investors (through December 31, 2017)	\$ 508.0	\$ 1,610.3	\$ 274.7

For further information regarding our investment funds, including the associated risks, see Item 1A. *Risk Factors*—"Our ability to provide our solar service offerings to homeowners on an economically viable basis depends in part on our ability to finance these systems with fund investors who seek particular tax and other benefits.", Note 11 *Cash Equity Financing*, Note 14, *Lease Pass-Through Financing Obligations*, Note 15, *VIE Arrangements* and Note 16, *Redeemable Noncontrolling Interests* to our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

Lease Pass-Through

Lease Pass-Through. In this investment fund structure, we and the fund investor form two entities which facilitate the pass-through of the ITC or U.S. Treasury grants to the fund investors. In this structure we contribute solar energy systems to an "owner" entity in exchange for interests in the owner entity, and the fund investors contribute cash to a "tenant" entity in exchange for interests in the tenant entity.

Under our lease pass-through structure, in accordance with the provisions of Financial Accounting Standards Board (“FASB”), Accounting Standards Codification Topic 810 (“ASC 810”) *Consolidation*, we have determined that we are the primary beneficiary of the owner entity, and accordingly, we consolidate that entity. We have also determined that we are not the primary beneficiary of the tenant entity, and accordingly, we do not consolidate that entity.

In this investment fund structure, the investors make a series of large up-front payments as well as, in some instances, subsequent smaller quarterly lease payments through their respective tenant entity to the corresponding owner entity in exchange for the assignment of cash flows from Customer Agreements and certain other benefits associated with the Customer Agreements and related solar energy systems. We account for the payments from investors as borrowings by recording the proceeds received as lease pass-through financing obligations. The financing obligation is reduced by recurring customer payments received under the Customer Agreements assigned to the funds and, if applicable, any U.S. Treasury grants, the fair value of the ITCs monetized and proceeds from the contracted resale of assigned SRECs, as they are received by the investor over the term of the assignment agreement, which is approximately 20 years. We account for these investment funds in our consolidated financial statements as if we are the lessor in the arrangement with the customer, and we record on our consolidated financial statements activities arising from the Customer Agreements and any related U.S. Treasury grants, ITCs, incentive rebates and SREC sales. The interest charge on our lease pass-through financing obligations is imputed at the inception of the fund based on the effective interest rate in the arrangement giving rise to the obligation and is updated prospectively as appropriate.

In certain arrangements, we agree to defer a portion of the up-front payments by arranging a loan between one of our indirectly wholly owned subsidiaries to a subsidiary of the investor’s tenant entity. There is a legal right to offset the loan against the financing obligation if an event of default has occurred. Therefore, the lease pass-through related to these types of arrangements is recorded net of the loan.

Consolidated Joint Ventures

Partnership Flips. Under partnership flip structures, we and our fund investors contribute cash into a partnership entity. The partnership uses the cash to acquire solar energy systems developed by us and leases them under Customer Agreements. Each fund investor receives a rate of return, typically on an after-tax basis, which varies by investment fund. Prior to the fund investor receiving its contractual rate of return or for a time period specified in the contractual arrangements, the fund investor receives a significant portion of the value attributable to customer payments, a majority of the accelerated tax depreciation and substantially all of the ITCs. After the fund investor receives its contractual rate of return or after the specified time period, we receive substantially all of the value attributable to the remaining customer payments and other incentives.

Included within the Partnership Flips is the cash equity financing the Company entered into in December 2016. The Company pooled and transferred its interests in certain financing funds into a special purpose entity (“SPE”) with a new investor. The Company did not recognize a gain or loss on the transfer of its interests in the financing funds and continues to consolidate the financing funds. The SPE’s assets and cash flows are not available to the other creditors of the Company, and the investor has no recourse to the Company’s other assets.

Under our partnership flip structures, we have determined that we control the variable interest entity (“VIE”), and accordingly we consolidate the entity and record the investor’s interest as either noncontrolling interests or redeemable noncontrolling interests in our consolidated balance sheets.

Inverted Leases. Under our inverted lease structure, we and the fund investor set up a multi-tiered investment vehicle that is comprised of two partnership entities which facilitate the pass through of the tax benefits to the fund investors. In this structure we contribute solar energy systems to an “owner” partnership entity in exchange for interests in the owner partnership and the fund investors contribute cash to a “tenant” partnership in exchange for interests in the tenant partnership, which in turn makes an investment in the owner partnership entity in exchange for interests in the owner partnership. The owner partnership uses the cash contributions received from the tenant partnership to purchase systems from us and/or fund installation of such systems. The owner partnership leases the contributed solar energy systems to the tenant partnership under a master lease, and the tenant partnership pays the owner partnership rent for those systems both upfront and on an ongoing basis. The tenant partnership sells energy from the solar energy systems to customers pursuant to the terms of the applicable Customer Agreements. Customer payments made to the tenant partnership are used to pay expenses (including fees to us), make master lease rent payments and pay preferred return distributions to the fund investor. The owner partnership distributes cash to us and the tenant partnership. As the tenant partnership is an investor in the owner partnership, this allows the fund investors to receive a portion of the accelerated tax depreciation and operating losses associated with the ownership of the assets. In this format, in part owing to the allocation of depreciation benefits to the investor, the investor’s pre-tax return is much lower than the investor’s after-tax return. Under our existing JV inverted lease structure, a substantial portion of the value generated by the solar energy systems is provided to the fund investor for a specified period of time, which is generally based upon the period of time corresponding to the expiry of the recapture period associated with the ITCs. After that point in time, we receive substantially all of the value attributable to the long-term recurring customer payments and the other incentives. Generally, under the terms of each agreement, the investors’ contributions include the value of ITCs earned or grants to be received by the fund investor. Any other proceeds are allocated on a pro rata basis to the fund investor and us in accordance with their ownership percentages.

We also have one JV inverted lease fund whereby we have a pro rata interest in the entity and we account for the noncontrolling interest’s share of income on a pro rata basis. Accordingly, the noncontrolling interest of this fund is carried on our balance sheet at the cumulative amount of capital contributions, reduced by cumulative distributions paid to the investor, as well as the pro rata share of their income. Under our JV inverted lease structure, we have determined that we control each VIE, and accordingly we consolidate the entity and record investor’s interest as a noncontrolling interest or redeemable noncontrolling interest.

For all of our partnership flips and JV inverted leases, the redeemable noncontrolling interest is carried on our balance sheet at the greater of the redemption value or the amount calculated under the HLBV method. The HLBV method estimates the amount that, if the fund’s assets were hypothetically sold at their book value, the investor would be entitled to receive according to the liquidation waterfall in the partnership agreement. For further information, see the section entitled “Components of Statements of Operations — Net Income (Loss) Attributable to Common Stockholders .”

Key Operating Metrics

We regularly review a number of metrics, including the following key operating metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Some of our key operating metrics are estimates that are based on our management’s beliefs and assumptions and on information currently available to management. Although we believe that we have a reasonable basis for each of these estimates, we caution you that these estimates are based on a combination of assumptions that may prove to be inaccurate over time. Any inaccuracies could be material to our actual results when compared to our calculations. Please see the section titled “Risk Factors” in this Annual Report on Form 10-K for more information. Furthermore, other companies may calculate these metrics differently than we do now or in the future, which would reduce their usefulness as a comparative measure.

- *Megawatts Booked* represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to an executed Customer Agreement, for which we have confirmation that the systems have reached Notice to Proceed, net of cancellations.
- *Megawatts Deployed* represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to executed Customer Agreements, for which we have (i) confirmation that the systems are installed, subject to final inspection or (ii) in the case of certain system installations by our partners, accrued at least 80% of the expected project cost.

• *Gross Earning Assets* represents the net cash flows (discounted at 6%) we expect to receive during the initial 20-year term of our Customer Agreements for systems that have been deployed as of the measurement date, plus a discounted estimate of the value of the Customer Agreement renewal term or solar energy system purchase at the end of the initial term. Consistent with industry standards, we use a discount rate of 6%. We consider a discount rate of 6% to be appropriate and consistent with recent market transactions that demonstrate that a portfolio of residential solar homeowner contracts is an asset class that can be securitized successfully on a long-term basis, with a coupon of less than 5%. We calculate the Gross Earning Assets value of the purchase or renewal amount at the expiration of the initial contract term assuming a 10-year renewal at a contract rate equal to 90% of the customer's contractual rate in effect at the end of the initial contract term. After the initial (typically 20-year) contract term, our Customer Agreements provide customers the option to renew their contracts for the remaining life of the solar energy system typically at a 10% discount to then-prevailing power prices.

Gross Earning Assets excludes estimated cash distributions to investors in consolidated joint ventures and estimated operating, maintenance and administrative expenses for systems deployed as of the measurement date. In calculating Gross Earning Assets, we deduct estimated cash distributions to our cash equity financing providers. In calculating Gross Earning Assets, we do not deduct customer payments we are obligated to pass through to investors in lease pass-throughs as these amounts are reflected on our balance sheet as long-term and short-term lease pass-through obligations, similar to the way that debt obligations are presented. In determining our finance strategy, we use lease pass-throughs and long-term debt in an equivalent fashion as the schedule of payments of distributions to lease pass-through investors is more similar to the payment of interest to lenders than the internal rates of return (IRRs) paid to investors in other tax equity structures.

- *Gross Earning Assets Under Energy Contract* represents the net cash flows during the initial (typically 20-year) term of our Customer Agreements (less substantially all value from SRECs prior to July 1, 2015), for systems deployed as of the measurement date.
- *Gross Earning Assets Value of Purchase or Renewal* is the forecasted net present value we would receive upon or following the expiration of the initial Customer Agreement term (either in the form of cash payments during any applicable renewal period or a system purchase at the end of the initial term), for systems deployed as of the measurement date.

Gross Earning Assets is forecasted as of a specific date. It is forward-looking, and we use judgment in developing the assumptions used to calculate it. Factors that could impact Gross Earning Assets include, but are not limited to, customer payment defaults, or declines in utility rates or early termination of a contract in certain circumstances, including prior to installation.

	For the Year Ended December 31,	
	2017	2016
MW Booked (during the period) ⁽¹⁾	337	285
MW Deployed (during the period)	323	282

(1) MW Booked in 2016 excludes 6.5 MW due to Nevada exit.

	As of December 31,	
	2017	2016
Cumulative Megawatts Deployed (end of period)	1,202	879

	As of December 31,	
	2017	2016
	<i>(in thousands)</i>	
Gross Earning Assets Under Energy Contract ⁽²⁾	\$ 1,458,983	\$ 1,199,882
Gross Earning Assets Value of Purchase or Renewal	753,673	609,129
Gross Earning Assets ⁽²⁾	<u>\$ 2,212,656</u>	<u>\$ 1,809,011</u>

- (2) In the fourth quarter of 2017, Gross Earnings Assets under Energy Contract and Total Gross Earning Assets were reduced by \$13 million to reflect changes related to modifications to the Federal Tax Code for assets deployed through December 31, 2017, including a reduction held as a reserve pending final tax regulation guidance based on the company's best estimate of the potential effect.

The tables below provide a range of Gross Earning Asset amounts if different default, discount and purchase and renewal assumptions were used.

Gross Earning Assets Under Energy Contract:

<u>Default rate</u>	As of December 31, 2017				
	Discount rate				
	4%	5%	6%	7%	8%
	<i>(in thousands)</i>				
5%	\$ 1,677,499	\$ 1,543,449	\$ 1,424,473	\$ 1,318,570	\$ 1,224,039
0%	\$ 1,720,049	\$ 1,581,711	\$ 1,458,983	\$ 1,349,788	\$ 1,252,360

Gross Earning Assets Value of Purchase or Renewal:

<u>Purchase or Renewal rate</u>	As of December 31, 2017				
	Discount rate				
	4%	5%	6%	7%	8%
	<i>(in thousands)</i>				
80%	\$ 999,679	\$ 809,400	\$ 657,532	\$ 535,911	\$ 438,190
90%	\$ 1,145,723	\$ 927,698	\$ 753,673	\$ 614,301	\$ 502,311
100%	\$ 1,291,767	\$ 1,045,996	\$ 849,815	\$ 692,691	\$ 566,431

Total Gross Earning Assets:

<u>Purchase or Renewal rate</u>	As of December 31, 2017				
	Discount rate				
	4%	5%	6%	7%	8%
	<i>(in thousands)</i>				
80%	\$ 2,719,728	\$ 2,391,111	\$ 2,116,514	\$ 1,885,699	\$ 1,690,551
90%	\$ 2,865,772	\$ 2,509,409	\$ 2,212,656	\$ 1,964,089	\$ 1,754,671
100%	\$ 3,011,816	\$ 2,627,707	\$ 2,308,798	\$ 2,042,479	\$ 1,818,791

Components of Statements of Operations

Revenue

We generate revenue from (1) operating leases and incentives and (2) solar energy systems and product sales. Product sales also include lead generation sales commencing in 2015 as a result of the acquisition of Clean Energy Experts, LLC or "CEE acquisition".

Operating Leases and Incentives

Operating leases and incentives revenue is primarily comprised of revenue from our Customer Agreements, solar energy system rebate incentives and sales of SRECs generated by our solar energy systems to third parties, as well as revenue associated with ITCs assigned to investment funds that are classified as lease pass-through arrangements.

We classify and account for our Customer Agreements as operating leases. We recognize revenue from these agreements either on a straight-line basis over the term of the agreements (in the case of leases) or as we generate and sell energy to customers (in the case of PPAs). The term of these agreements is typically 20 years.

We consider the proceeds from solar energy system rebate incentives to be minimum lease payments under our Customer Agreements and recognize such payments as revenue over the contract term on a straight-line basis.

We also apply for and receive SRECs and sell them to third parties in certain jurisdictions for energy generated by our solar energy systems. We recognize revenue related to the sale of SRECs to the extent the cumulative value of delivered SRECs per contract exceeds any possible liquidated damages for non-delivery, if any.

Finally, under our investment funds that are classified as lease pass-through arrangements, we allocate a portion of the cash consideration received from the investors to the estimated fair value of the ITCs assigned to such investment funds. The ITCs are subject to recapture under the Internal Revenue Code ("Code") if the underlying solar energy system either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed-in-service date. The recapture amount decreases on the anniversary of the permission to operate ("PTO") date. We recognize ITC revenue as the recapture provisions lapse, with one-fifth of the estimated fair value of the assigned ITC recognized on each anniversary of the solar energy systems' PTO date over the following five years.

Our quarterly operating leases and incentives revenue has been impacted by seasonality. Energy production is greater in the second and third quarters than in the first and fourth quarters, causing variability in revenue recognized under PPAs. There are also seasonal fluctuations in sales and installations, particularly in the fourth quarter, resulting from decreased sales through the holiday season and weather-related installation delays. In addition, as described above, ITC revenue associated with lease pass-through arrangements is recognized once annually on the anniversary of the PTO date and a high percentage of our existing ITCs have PTO dates that occur in the fourth quarter.

Pursuant to our adoption of ASC 842, *Leases* ("ASC 842") our Customer Agreements will no longer meet the criteria for lease accounting. Instead, we will account for our Customer Agreements pursuant to ASU No. 2014-09 Revenue from Contracts with Customers ("Topic 606"). Upon adoption of Topic 606, the following significant changes to revenue recognition policy will be implemented with respect to revenue currently accounted for under operating leases and incentives:

- Revenue related to PPAs, including price escalators, will be recognized throughout the term of the Customer Agreement.
- Certain upfront payments related to Customer Agreements and SRECs will be deemed to have a financing component, as defined under Topic 606, and will therefore increase both revenue and interest expense by the same amount over the term of the related agreement. The additional revenue will be included in the total transaction price to be recorded over the term of the agreement and will be recognized based on the timing of the delivery. The interest expense will be recognized based upon an amortization schedule which typically decreases throughout the term of the related agreement.
- SREC revenue will be estimated net of any variable consideration related to possible liquidated damages, and recognized upon delivery of SRECs to the counterparty.
- ITC revenue will be recognized in full upon PTO because the Company has not historically recorded a material recapture of ITCs, and does not expect to record a material recapture of ITCs in the future.

Due to the long-term nature of our Customer Agreements and other operations, the cumulative impact of adoption of ASC 842 and Topic 606 relates to the accounting for several years, and in many cases, since inception of our business. We estimate that the impact of the adoption of ASC 842 and Topic 606 to both total revenues and total operating expenses on the consolidated statement of operations for 2017 would be immaterial if adopted on a full retrospective basis.

Solar Energy Systems and Product Sales

Solar energy systems sales are comprised of revenue from the sale of solar energy systems directly to homeowners. We generally recognize revenue from solar energy systems sold to homeowners when we install the solar energy system and it passes inspection by the authority having jurisdiction, provided all other revenue recognition criteria have been met.

Product sales revenue consists of revenue from the sale of solar panels, inverters, racking systems, other solar-related equipment to resellers and customer leads to third parties, including our partners and other solar providers. Product sales revenue is recognized at the time title is transferred, generally upon shipment. Customer lead revenue is recognized at the time the lead is delivered.

Our quarterly solar energy systems and product sales revenue has and will continue to fluctuate due to a variety of factors, including timing of installation and seasonal factors described above, as well as other factors that may cause homeowners to opt to purchase solar energy systems rather than leasing them.

Operating Expenses

Operating expenses are classified by the related activity and assigned department of our personnel. Personnel costs include salaries, bonuses, benefits and stock-based compensation. Corporate overhead costs include information technology and facilities costs that are allocated based upon the estimated use by personnel in the related classification below.

Cost of Operating Leases and Incentives

Operating leases and incentives cost of revenue is primarily comprised of depreciation of solar energy systems, as reduced by amortization of U.S. Treasury grants and state tax credits, amortization of initial direct costs ("IDCs"), and lease operations, monitoring and maintenance costs including associated personnel costs. Other costs include allocated corporate overhead costs, which mainly includes personnel costs associated with supply chain, logistics, operations management, safety and quality control, and vehicle depreciation costs.

Upon adoption of Topic 606, we will no longer capitalize IDCs. Instead, we will capitalize costs to obtain a contract which meet the "incremental" criteria defined in Topic 606. These costs will be reflected in other assets on the consolidated balance sheets, and amortized over the term of the Customer Agreements to sales and marketing expense on the consolidated statements of operations.

Cost of Solar Energy Systems and Product Sales

Solar energy systems cost of revenue and non-lead generation product sales cost of revenue primarily consists of direct and indirect material and personnel costs for solar energy systems installations and product sales. Other costs include engineering and design costs, estimated warranty costs, freight costs, allocated corporate overhead costs, which mainly includes personnel costs associated with supply chain, logistics, operations management, safety and quality control, and vehicle depreciation costs. Cost of revenue for lead generations consists of costs related to direct-response advertising activities associated with generating customer leads.

Sales and Marketing

Sales and marketing expenses include personnel costs as well as advertising, promotional and other marketing related expenses. Sales and marketing expenses also include lead generation costs and retail fees paid to strategic partners, allocated corporate overhead costs, travel and professional services.

Upon adoption of Topic 606, we will capitalize costs to obtain a contract which meet the "incremental" criteria defined in Topic 606, and amortize the balance over the term of the Customer Agreements which will be recorded to sales and marketing expense on the consolidated statements of operations.

Research and Development

Research and development expenses include personnel costs, allocated corporate overhead costs, and other costs related to our proprietary technology.

General and Administrative

General and administrative expenses include personnel costs related to accounting, finance, legal, human resources and executive staff. General and administrative expenses also include professional services and allocated corporate overhead costs.

Amortization of Intangible Assets

We acquired intangible assets in connection with the acquisition of MEC and CEE. Such intangible assets are being amortized over their estimated useful lives, which range from five to ten years.

Non-operating Expenses

Interest Expense, net

Interest expense, net primarily consists of the interest charges associated with long term borrowing and lease pass-through financing obligations. Our lines of credit, syndicated term loans, bank loans and certain bank term loans are subject to variable interest rates, some of which are hedged using interest rate swaps. Our notes payable, bank term loan due in April 2022 and our solar asset-backed notes bear fixed interest rates. The interest charge on our lease pass-through financing obligations is imputed at the inception of the related transaction based on the effective interest rate in the arrangement giving rise to the obligation and updated prospectively as appropriate. Interest expense also includes the amortization of deferred financing costs associated with such borrowings, partially offset by a nominal amount of interest income generated from our cash holdings in interest-bearing accounts. In the future we may incur additional indebtedness to fund our operations, and our interest expense would correspondingly increase.

Upon adoption of Topic 606, interest expense will include interest expense related to significant financing components as discussed above.

Other Expenses (Income), Net

During 2017, other expenses (income), net primarily consisted of a loss on early extinguishment of certain non-recourse debt. During 2016, other income primarily consisted of a gain due to the change in fair value of warrant derivatives which were issued to former Series D and E preferred stockholders as an inducement to convert their shares of convertible preferred stock into shares of common stock immediately prior to the closing of our initial public offering. In 2015, other expenses primarily consisted of our portion of the net loss in an entity which was accounted for under the equity method of accounting as well as a loss on early extinguishment of debt.

Income Tax Expense

We are subject to taxation in the United States, where all of our business is conducted. Our effective tax rates differ from the statutory rate primarily due to noncontrolling and redeemable noncontrolling interest adjustments and the change in the federal tax rate. In 2016, the major differences included the noncontrolling and redeemable noncontrolling interest and prepaid tax expense on intercompany gains.

The majority of our tax expense relates to an increase in our deferred tax liabilities related to partnerships. Given our net operating loss carryforwards as of December 31, 2017, we do not expect to pay income tax, including in connection with our 2017 income tax provision, until our net operating losses are fully utilized. As of December 31, 2017, we had approximately \$699.6 million of federal and \$634.7 million of state net operating loss carryforwards ("NOLs"), available to offset future taxable income, if any, which expire in varying amounts beginning in 2028 and 2024 for federal and state purposes, respectively, if unused. It is possible that we will not generate taxable income in time to use these NOLs before their expiration.

On December 22, 2017, the US government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the US tax code including but not limited to, (1) reducing the US federal corporate tax rate from 35% to 21%; (2) immediate expensing of certain tangible personal property; (3) creating a new limitation on deductible interest expense; (4) enacting special rules for taxable year of inclusion for certain revenues; and (5) changing rules related to the uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, Income taxes. In accordance with SAB 118 a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. At this time we have estimated the impact of the change of the Tax Act. Any subsequent adjustment to these amounts will be recorded to current tax expense in the quarter of 2018 when the analysis is complete.

We have accounted for the provisional adjustments but we have not completed our accounting for income tax effects for certain elements of the Tax Act. The Company has recognized the provisional tax impacts related to the revaluation of deferred tax assets and liabilities and included these amounts in our consolidated financial statements for the year ended December 31, 2017. The Company will continue to refine the calculations as additional analysis is completed.

In addition, the Company continues to evaluate their performance-based compensation plans within the new definitions under IRC Section 162(m) of the Internal Revenue Code. The preliminary assessment is that we believe that performance based compensation provided prior to November 2, 2017 was provided pursuant to a written binding agreement and will be deductible. No further adjustment has been made at this time. The accounting for this item is incomplete and may change as our interpretation of the provisions of the Act evolve, additional information becomes available or interpretive guidance is issued by the U.S. Treasury. The final determination will be completed no later than one year from the enactment date.

Some of the relevant areas of the Tax Act, which may impact the 2017 and beyond financial statements include but are not limited to:

Reduction of US federal corporate tax rate - The Tax Act reduces the corporate tax rate to 21% effective January 1, 2018. Consequently, we have accounted for the reduction of an estimated \$31.9 million of net deferred tax liabilities in the consolidated balance sheet for the year ended December 31, 2017.

Limit on Employee Remuneration - The Tax Act capped the deduction a company may take for compensation paid to covered employees to \$1million by eliminating the "performance-based" exception under Section 162(m). The provisions generally apply to taxable years beginning after December 31, 2017 but provides transition rules for compensation paid pursuant to a written binding contract that is in effect on November 2, 2017. We do not expect these limitations to have any impact on us for 2017 and 2018, but we could become subject to limitations starting in 2019.

Repeal of Corporate Alternative Minimum Tax - The corporate alternative minimum tax was repealed. We have an immaterial amount of tax credits carrying over and will consider reclassification of the credits to a refund as these amounts are expected to be refunded in future periods and will be fully refundable if not utilized by 2022.

Interest Expense Limitations - For years beginning after December 31, 2017, the new Tax Act limits the deduction for net interest expense that exceeds 30% of the taxpayer's adjusted taxable income for that year. The adjusted taxable income is initially computed excluding depreciation, amortization, interest and taxes and beginning in 2022 only excluding interest and taxes. Going forward companies with interest that is limited under the new law will have to assess the realizability on any resulting deferred tax assets for interest carried forward. We are still assessing the future impact.

Certain special rules for taxable year of inclusion - For years beginning after December 31, 2017, the Tax Act requires an accrual method taxpayer to apply the all events test under section 451 and recognize such income at the earlier of earned or received. We are evaluating the applicability of this provision to our prepaid customer contracts.

Net Income (Loss) Attributable to Common Stockholders

As discussed above under “—Investment Funds,” 22 of our 27 active investment funds are consolidated joint ventures. We determine the net income (loss) attributable to common stockholders by deducting from net loss, the net loss attributable to noncontrolling interests and redeemable noncontrolling interests in these funds. The net loss attributable to noncontrolling interests and redeemable noncontrolling interests represents the fund investors’ allocable share in the results of operations of these investment funds. For these funds, we have determined that the provisions in the contractual arrangements represent substantive profit sharing arrangements, where the allocations to the partners sometimes differ from the stated ownership percentages. We have further determined that, for these arrangements, the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach using the HLBV method.

Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests and redeemable noncontrolling interests in the consolidated statements of operations reflect changes in the amounts the fund investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual provisions of these funds, assuming the net assets of the respective investment funds were liquidated at the carrying value determined in accordance with generally accepted accounting principles in the United States (“GAAP”). The fund investors’ interest in the results of operations of these investment funds is initially determined by calculating the difference in the noncontrolling interests and redeemable noncontrolling interests’ claim under the HLBV method at the start and end of each reporting period, after taking into account any contributions and distributions between the fund and the fund investors and subject to the redemption provisions in certain funds. The redeemable noncontrolling interests balance is the greater of the carrying value calculated under the HLBV method or the redemption value. Because the investor contributes cash into the fund to purchase solar energy systems at fair market value which exceeds their carrying value, the noncontrolling interest balance is reduced upon application of the HLBV method. As such, the HLBV method generally allocates more loss to the noncontrolling interest in the first several years after fund formation. After the solar systems have been purchased by the fund, the noncontrolling interest’s contributions decrease substantially. As ongoing distributions are received by the noncontrolling interest, their losses under the HLBV method tend to reverse. While the application of HLBV is performed consistently, the results of that application and its impact on the income or loss allocated between us and the noncontrolling interests and redeemable noncontrolling interests depend on the respective funds’ specific contractual liquidation provisions. The HLBV results are generally affected by the tax attributes allocated to the fund investors including accelerated and bonus tax depreciation and ITCs or U.S. Treasury grants in lieu of the ITCs, the amount of preferred returns that have been paid to the fund investors by the investment funds, and the allocation of tax income or losses in a liquidation scenario.

The contractual liquidation provisions of our consolidated joint ventures (which include our partnership flips and JV inverted leases) provide that the allocation percentages between us and the investor change, or “flip,” under certain circumstances, such as upon the achievement of the fund investor’s targeted rate of return, the passage of time, or the expiration of the recapture period associated with ITCs. Prior to the point at which the allocation percentage flips, the investor is entitled to receive a majority of the value generated by the solar energy systems. At the flip point, we become entitled to receive most of the value. The difference between our current partnership flip structures and JV inverted lease structures that drives a significant impact on our results from the application of the HLBV method is how the flip point is determined.

For investment funds that have a partnership flip structure, the flip point is tied to the achievement of the fund investor’s targeted rate of return. The receipt of tax benefits by the fund investor count towards the achievement of such target, which reduces the amount distributable to the fund investor in a hypothetical liquidation under these funds’ contractual liquidation provisions. This results in a net loss attributable to the fund investor over the periods in which these tax benefits are received as a result of our application of the HLBV method.

For investment funds that have a JV inverted lease structure, the flip point is typically tied to the expiration of the recapture period associated with ITCs. An investor in a fund with a JV inverted lease fund structure will receive tax benefits similar to an investor in a fund that has adopted a partnership structure. However, unlike the partnership flip structure, the receipt of tax benefits by the fund investor does not impact the amount distributable to the fund investor in a hypothetical liquidation under these funds’ contractual liquidation provisions. At the flip point, the fund investor’s claims on the net assets of the investment fund generally decreases. This results in a net loss attributable to the fund investor in the period when the flip occurs as a result of our application of the HLBV method. As discussed above under “—Investment Funds,” we also have one JV inverted lease whereby we have a pro rata interest in the entity, and we account for the noncontrolling interest’s share of income on a pro rata basis.

These differences are a result of the specific contractual provisions for each of our existing funds and are not necessarily indicative of terms for our future partnership flip or JV inverted lease structures. Future investment funds may contain different features than those that we currently employ, and as a result, the application of the HLBV method and resulting allocation of net income or loss may be different from our existing funds.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances, changes in the accounting estimates are reasonably likely to occur from period-to-period. Actual results could differ significantly from our estimates. Our future financial statements will be affected to the extent that our actual results materially differ from these estimates. For further information on all of our significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

We believe that assumptions and estimates associated with our principles of consolidation, revenue recognition, impairment of long-lived assets, goodwill impairment analysis, provision for income taxes and valuation of noncontrolling interests and redeemable noncontrolling interests have the greatest impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Principles of Consolidation

Our consolidated financial statements include our accounts and those of our subsidiaries in which we have a controlling financial interest. The typical condition for a controlling financial interest is holding a majority of the voting interests of an entity. However, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling financial interests. We consolidate any VIE of which we are the primary beneficiary, which is defined as the party that has (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or receive benefits of the VIE that could potentially be significant to the VIE. We evaluate our relationships with our VIEs on an ongoing basis to determine whether we continue to be the primary beneficiary. Our financial statements reflect the assets and liabilities of VIEs that we consolidate. All intercompany transactions and balances have been eliminated in consolidation. For further information regarding consolidation of our investment funds, see "—Investment Funds" above.

Revenue Recognition

We provide solar energy systems that produce electricity through Customer Agreements. We also derive a portion of our revenue from solar energy system rebate incentives, sales of SRECs generated from our solar energy systems and ITCs assigned to investment funds that are classified as lease pass-through arrangements.

We also sell solar energy systems to homeowners, as well as related products, such as solar panels, inverters, racking systems and other solar-related equipment to resellers. Following the acquisition of CEE in April 2015, we began selling customer leads to third parties, including our partners and other solar providers.

We recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed and determinable, and (iv) collection of the related receivable is reasonably assured.

Operating Leases and Incentives Revenue. Operating leases and incentives revenue represent both ongoing and advance payments received under the terms of the Customer Agreements, which typically have an initial term of 20 years. Revenue from advance payments including prepayment options is deferred and begins to be recognized when PTO is given by the local utility company or on the date daily operation commences if utility approval is not required, provided all other revenue criteria are met.

We have determined that our Customer Agreements should be accounted for as operating leases after evaluating the following lease classification criteria: (i) whether there is a transfer of ownership or bargain purchase option at the end of the lease, (ii) whether the lease term is greater than 75% of the estimated economic life, or (iii) whether the present value of minimum lease payments exceeds 90% of the fair value at lease inception.

In the majority of our Customer Agreements, we charge a fixed fee per kilowatt hour based on the amount of electricity the solar energy system is expected to produce, with an annual fixed percentage price escalation to address the impact of inflation and utility rate increases over the period of the contract. In these cases, we consider the customer payments to be contingent lease payments which are excluded from minimum lease payments used for purposes of assessing the lease classification criteria above. Accordingly, we recognize these electricity payments as earned, provided all other revenue recognition criteria discussed above are met.

We also offer Customer Agreements whereby the customers' monthly payment is a pre-determined amount calculated based on the expected solar energy generation and includes an annual fixed percentage price escalation to address the impact of inflation and utility rate increases over the period of the contracts, which are typically 20 years. We record operating lease revenue from minimum lease payments on a straight-line basis over the life of the lease term, provided all other revenue recognition criteria are met.

We also apply for and receive upfront rebates and incentives offered by certain state and local governments and local utility companies on behalf of our customers for solar facilities installed on certain of our customers' premises. We consider these rebates to be minimum lease payments which are generally recognized on a straight-line basis over the life of the lease term. The difference between the payments received and the revenue recognized is recorded as deferred revenue on the consolidated balance sheet.

SREC revenue arises from the sale of environmental credits generated by solar energy systems. When we enter into Customer Agreements, if the solar energy systems do not generate the amount of electricity required to earn SRECs sold forward or if for any reason the electricity generated does not produce SRECs for a particular state, depending on the terms of the contract, we may be required to make up the shortfall of SRECs through purchases on the open market or make payments of liquidated damages. We recognize revenue related to the sale of SRECs to the extent the cumulative value of delivered SRECs per contract exceeds any possible liquidated damages for non-delivery, if any.

For lease pass-through structures, we monetize the ITCs associated with the systems subject to Customer Agreements by assigning them to the investor together with the future associated customer payments. A portion of the cash consideration received from the investor is allocated to the estimated fair value of the assigned ITCs. The estimated fair value of the ITCs is determined by applying the expected internal rate of return to the investor to the gross amount of the ITCs that may be claimed by the investor.

The ITCs are subject to recapture under the Code if the underlying solar energy system either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed in service date. The recapture amount decreases by one-fifth on the anniversary of the placed in service date, which begins upon PTO. As we have an obligation to ensure the solar energy system is in service and operational for a term of five years to avoid any recapture of the ITCs, we recognize revenue as the recapture provisions lapse provided the other revenue recognition criteria have been met. The monetized ITCs are initially recorded as deferred revenue on the consolidated balance sheet, and subsequently, one-fifth of the monetized ITCs will be recognized as operating leases and incentives revenue in the consolidated statements of operations on each anniversary of the solar energy system's PTO date over the following five years.

As discussed under "Components of Statements of Operations -Operating Leases and Incentives" above, on January 1, 2018, we adopted ASC 842 and Topic 606 which will change our revenue recognition policies.

Solar Energy Systems and Product Sales. For solar energy systems sold to customers, we recognize revenue, net of any applicable governmental sales taxes, when we install the solar facilities and it passes inspection by the responsible city department, provided all other revenue recognition criteria are met. The installation projects of our solar energy systems are typically completed in a short period of time.

Product sales revenue is recognized at the time the goods are shipped or when title is transferred. Shipping and handling fees charged to customers are included in net sales. Shipping and handling costs incurred are included in cost of solar energy systems and product sales. Taxes assessed by government authorities that are directly imposed on revenue producing transactions are excluded from product sales revenue. Customer lead revenue, included in product sales, is recognized at the time the lead is delivered.

Impairment of Long-Lived Assets

The carrying amounts of our long-lived assets, including solar energy systems and definite-lived intangible assets, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Factors that we consider in deciding when to perform an impairment review would include significant negative industry or economic trends, and significant changes or planned changes in our use of the assets. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. If the useful life is shorter than originally estimated, we amortize the remaining carrying value over the new shorter useful life.

Goodwill Impairment Analysis

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net tangible and identifiable intangible assets acquired. Our goodwill balance is a result of the acquisition of the residential sales and installation business of Mainstream Energy Corporation, its fulfillment business AEE Solar and its racking business SnapNrack (collectively, "MEC") in February 2014 and CEE in April 2015. We have determined that we operate as one reporting unit, and our goodwill is recorded at the enterprise level. We perform our annual

impairment test of goodwill on October 1 of each year or whenever events or circumstances change or occur that would indicate that goodwill might be impaired. When assessing goodwill for impairment, we use qualitative and, if necessary, quantitative methods. We also consider our enterprise value and, if necessary, our discounted cash flow model, which involves assumptions and estimates, including our future financial performance, weighted-average cost of capital and interpretation of currently enacted tax laws. Circumstances that could indicate impairment and require us to perform an impairment test include a significant decline in our financial results, a significant decline in our enterprise value relative to our net book value, an unanticipated change in competition or our market share and a significant change in our strategic plans.

As of October 1, 2017, we performed step one of the impairment test. As of October 1, 2017, we concluded that the estimated fair value of the Company exceeded its carrying value.

We also performed the step one test for potential impairment as of December 31, 2017. As of December 31, 2017, total stockholders' equity exceeded our market capitalization. We estimated the fair value of the Company using a combination of the market capitalization, a market approach and an income approach, giving 50% weighting to the market capitalization and 25% weighting to each other method. Under the market approach, we utilized publicly traded comparable company information to determine revenue multiples to value our Company. Under the income approach, we determined the fair value based on our estimated future cash flows discounted by an estimated weighted average cost of capital, reflecting the overall level of inherent risk and the rate of return an outside investor would expect to earn. The cash flow forecast and related assumptions were derived from the most recent annual financial forecast for which the planning process commenced in the fourth quarter of 2017. Based on the fair value analysis as of December 31, 2017, we had an estimated fair value that exceeded its carrying value by approximately 4%. Therefore, no impairment of goodwill has been recorded for the year ended December 31, 2017. However, if factors exist that could indicate an impairment in the future, including the increase in retained earnings upon the adoption of ASC 842 and Topic 606, or a sustained decrease in our stock price, we may deem that our goodwill is impaired.

Provision for Income Taxes

We account for income taxes under an asset and liability approach. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax reporting purposes, net operating loss carryforwards and other tax credits measured by applying currently enacted tax laws. A valuation allowance is provided when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized. As of December 31, 2017, we have recorded a valuation allowance of \$4.7 million for state deferred tax assets.

We sell solar energy systems to the investment funds. As the investment funds are consolidated by us, the gain on the sale of the solar energy systems is not recognized in the consolidated financial statements. However, this gain is recognized for tax reporting purposes. Since these transactions are intercompany sales for book purposes, before January 1, 2017, any tax expense incurred related to these intercompany sales was deferred and recorded as a prepaid tax asset and there was no recognition of a deferred tax asset related to our increased tax basis in the partnership as a result of such sales. The prepaid tax asset was amortized over the estimated useful life of the underlying solar energy systems which has been estimated to be 35 years. With the adoption of ASU 2016-16 on January 1, 2017 we eliminated the prepaid tax asset and recorded the deferred tax effects of previous transactions. Beginning on January 1, 2017, we began recording the current tax effects of the gain on intercompany sales as well as the related deferred tax effects.

We determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. We use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

Our policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Our noncontrolling interests and redeemable noncontrolling interests represent fund investors' interests in the net assets of certain investment funds, which we consolidate, that we have entered into in order to finance the costs of solar energy facilities under operating leases. We have determined that the provisions in the contractual arrangements of the investment funds represent substantive profit-sharing arrangements, which gives rise to the noncontrolling interests and redeemable noncontrolling interests. We have further determined that for all but one of these arrangements, the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach using the HLBV method.

Attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests under the HLBV method requires the use of significant assumptions to calculate the amounts that fund investors would receive upon a hypothetical liquidation. Changes in these assumptions, including change in tax rates, can have a significant impact on the amount that fund investors would receive upon a hypothetical liquidation. As a result of the passing of the Tax Act, the impact of the change in the federal tax rate from 35% to 21%, which is effective January 1, 2018, on the noncontrolling interest and redeemable noncontrolling interests as of January 1, 2018 is an estimated decrease of \$18.9 million.

We classify certain noncontrolling interests with redemption features that are not solely within our control outside of permanent equity on our consolidated balance sheets. Redeemable noncontrolling interests are reported using the greater of their carrying value at each reporting date as determined by the HLBV method or their estimated redemption value in each reporting period. Estimating the redemption value of the redeemable noncontrolling interests requires the use of significant assumptions and estimates such as projected future cash flows at the time the redemption feature can be exercised.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,		
	2017	2016	2015
<i>(in thousands, except per share amounts)</i>			
Revenue:			
Operating leases and incentives	\$ 231,433	\$ 168,417	\$ 118,004
Solar energy systems and product sales	298,266	285,481	186,602
Total revenue	529,699	453,898	304,606
Operating expenses:			
Cost of operating leases and incentives	193,954	159,858	111,784
Cost of solar energy systems and product sales	254,131	239,381	168,751
Sales and marketing	137,115	162,781	145,477
Research and development	15,079	10,199	9,657
General and administrative	107,420	92,377	84,442
Amortization of intangible assets	4,204	4,206	3,695
Total operating expenses	711,903	668,802	523,806
Loss from operations	(182,204)	(214,904)	(219,200)
Interest expense, net	70,518	53,244	33,236
Other expenses (income), net	1,874	(840)	1,769
Loss before income taxes	(254,596)	(267,308)	(254,205)
Income tax expense (benefit)	32,138	35,993	(5,299)
Net loss	(286,734)	(303,301)	(248,906)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(411,259)	(394,988)	(220,660)
Net income (loss) attributable to common stockholders	\$ 124,525	\$ 91,687	\$ (28,246)
Less: Deemed dividend to convertible preferred stockholders	—	—	(24,890)
Net income (loss) available to common stockholders	\$ 124,525	\$ 91,687	\$ (53,136)
Net income (loss) per share available to common shareholders			
Basic	\$ 1.18	\$ 0.90	\$ (0.96)
Diluted	\$ 1.15	\$ 0.87	\$ (0.96)
Weighted average shares used to compute net income (loss) per share attributable to common stockholders			
Basic	105,432	102,367	55,091
Diluted	108,206	104,964	55,091

Comparison of the Years Ended December 31, 2017 and 2016

Revenue

	Year Ended December 31,		Change	
	2017	2016	\$	%
<i>(in thousands)</i>				
Operating leases	\$ 174,664	\$ 125,197	\$ 49,467	40 %
Incentives	56,769	43,220	13,549	31 %
Operating leases and incentives	231,433	168,417	63,016	37 %
Solar energy systems	113,953	127,727	(13,774)	(11)%
Products	184,313	157,754	26,559	17 %
Solar energy systems and product sales	298,266	285,481	12,785	4 %
Total revenue	\$ 529,699	\$ 453,898	\$ 75,801	17 %

Operating Leases and Incentives. The \$49.5 million increase in revenue from operating leases was primarily due to both an increase in solar energy systems under Customer Agreements being placed in service in 2017 and a

full year of revenue recognized in 2017 for systems placed in service in 2016 versus only a portion recognized in 2016. Revenue from incentives increased by \$13.5 million primarily due to an increase in SREC revenue as a result of the sales under contracts whereby the revenue recognition had previously been deferred until minimum levels of deliveries were met. Additionally, the increase in revenue from incentives was due to an increase in ITC revenue, which relates to solar energy systems in lease pass-through funds being placed in service in the prior year as we recognize revenue from the monetization of these ITCs annually over five years on each anniversary of a solar energy system's permission to operate date.

Solar Energy Systems and Product Sales. Revenue from solar energy systems sales decreased by \$13.8 million compared to the prior year due to softer customer demand in our retail sales channel following increased sales and marketing efforts in 2016. Product sales increased by \$26.6 million compared to the prior year period primarily due to an increase in volume of wholesale products sold, offset by industry-wide price decreases and a decrease in customer lead sales.

Operating Expenses

	Year Ended December 31,		Change	
	2017	2016	\$	%
	<i>(in thousands)</i>			
Cost of operating lease and incentives	\$ 193,954	\$ 159,858	\$ 34,096	21 %
Cost of solar energy systems and product sales	254,131	239,381	14,750	6 %
Sales and marketing	137,115	162,781	(25,666)	(16)%
Research and development	15,079	10,199	4,880	48 %
General and administrative expense	107,420	92,377	15,043	16 %
Amortization of intangible assets	4,204	4,206	(2)	— %
Total operating expenses	\$ 711,903	\$ 668,802	\$ 43,101	6 %

Cost of Operating Leases and Incentives. The \$34.1 million increase in cost of operating leases and incentives was primarily due to the increase in depreciation expense related to the increase in solar energy systems placed in service in 2017, plus a full year of costs recognized for systems placed in service in 2016 versus only a partial year of such expenses related to the period in which the assets were in service in 2016.

The cost of operating leases and incentives decreased to 84% of operating lease and incentives revenue during the year ended December 31, 2017, from 95% during the year ended December 31, 2016. This reduction of cost compared to revenue is due to a reduction in the proportion of leased systems installed by us as opposed to third parties compared to the prior year. Systems installed by us bear an allocation of costs, such as warehouse rent and utilities, information technology, administrative and product planning costs, that are expensed during the construction and installation phase as these costs do not meet the criteria for capitalization under ASC 360 *Property, Plant, and Equipment*. These costs can fluctuate depending on the volume of megawatts installed directly by us for systems under an operating lease, and are not necessarily proportional to the increase in revenue generated by our entire fleet of leased systems. As such, the cost of operating leases and incentives as a percentage of operating lease and incentives revenue can vary from period to period.

Cost of Solar Energy Systems and Product Sales. The \$14.8 million increase in cost of solar energy systems and product sales was due to an increase in the product sales discussed above.

Sales and Marketing Expense. The \$25.7 million decrease in sales and marketing expense was primarily attributable to the decrease in our use of certain third party lead generation and direct mailer provider services as we continue to generate more leads internally as well as a decrease in personnel primarily in canvassing.

Research and Development Expense. The \$4.9 million increase in research and development was primarily attributable to hiring of personnel to support the growth of our business.

General and Administrative Expense. The \$15.0 million increase in general and administrative expenses primarily relates to hiring of personnel to support the growth of our business as well as an increase in professional services.

Non-Operating Expenses

	Year Ended December 31,		Change	
	2017	2016	\$	%
	<i>(in thousands)</i>			
Interest expense, net	\$ 70,518	\$ 53,244	\$ 17,274	32 %
Other expenses (income), net	1,874	(840)	2,714	(323)%
Total interest and other expenses, net	\$ 72,392	\$ 52,404	\$ 19,988	38 %

Interest expense, net. The increase in interest expense, net of \$17.3 million was related to additional borrowings entered into in 2017.

Other expenses (income), net. The increase in other expenses (income), net of \$2.7 million was primarily due to a loss from the early extinguishment of certain non-recourse debt in 2017.

Income Tax Expense

	Year Ended December 31,		Change	
	2017	2016	\$	%
	<i>(in thousands)</i>			
Income tax expense	\$ 32,138	\$ 35,993	\$ (3,855)	(11)%

The tax expense at the statutory rate of 34.0% for the year ended December 31, 2017 was reduced by the allocation of the losses to noncontrolling interests and redeemable noncontrolling interests of 54.9% and increased by other miscellaneous items of 4.2%. The decrease was offset by the impact of the change in the federal income tax rate of 12.5%. The statutory rate tax of 34.0% for the year ended December 31, 2016 was reduced by the allocation of losses to noncontrolling interests and redeemable noncontrolling interests of 50.2% and by other miscellaneous items of 2.8%. The decrease was offset by the tax impact of intercompany transactions of 5.6%.

The decrease in income tax expense relates to a decrease in the federal tax rate from tax reform and is offset by an increase in our deferred tax liabilities related to partnerships, depreciation expense and capitalized indirect costs. Given our net operating loss carryforwards as of December 31, 2017, we do not expect to pay income tax, including in connection with our 2017 income tax provision, until our net operating losses are fully utilized. As of the year ended December 31, 2017, our federal and state net operating loss carryforwards were \$699.6 million and \$634.7 million, respectively. If not utilized, the federal net operating loss will begin to expire in the year 2028 and the state net operating losses will begin to expire in the year 2024.

Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests

	Year Ended December 31,		Change	
	2017	2016	\$	%
	<i>(in thousands)</i>			
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	\$ (411,259)	\$ (394,988)	\$ (16,271)	4%

The increase in net loss attributable to noncontrolling interests and redeemable noncontrolling interests was primarily a result of the addition of six investment funds since December 31, 2016, which use the HLBV method to determine the amount of net income or loss attributable to noncontrolling interests and redeemable noncontrolling

interests, which generally allocates more loss to the noncontrolling interest in the first several years after fund formation.

Comparison of the Years Ended December 31, 2016 and 2015

Revenue

	Year Ended December 31,		Change	
	2016	2015	\$	%
	<i>(in thousands)</i>			
Operating leases	\$ 125,197	\$ 86,332	\$ 38,865	45%
Incentives	43,220	31,672	11,548	36%
Operating leases and incentives	168,417	118,004	50,413	43%
Solar energy systems	127,727	50,191	77,536	154%
Products	157,754	136,411	21,343	16%
Solar energy systems and product sales	285,481	186,602	98,879	53%
Total revenue	\$ 453,898	\$ 304,606	\$ 149,292	49%

Operating Leases and Incentives. The \$38.9 million increase in revenue from operating leases was primarily due to both an increase in solar energy systems under Customer Agreements being placed in service in 2016 and a full year of revenue recognized in 2016 for systems placed in service in 2015 versus only a portion recognized in 2015. Revenue per megawatt production capacity remained consistent between 2015 and 2016. Revenue from incentives increased by \$11.5 million primarily due to an increase in ITC revenue, which relates to solar energy systems in lease pass-through funds being placed in service in the prior year as we recognize revenue from the monetization of these ITCs annually over five years on each anniversary of a solar energy system's permission to operate date.

Solar Energy Systems and Product Sales. Revenue from solar energy systems sales increased by \$77.5 million compared to the prior year period due to increased sales and marketing efforts primarily with strategic partners. Product sales increased by \$21.3 million compared to the prior year period due to an increase in volume of all products sold, including a \$4.6 million increase in customer lead sales subsequent to the acquisition of CEE in April 2015.

Operating Expenses

	Year Ended December 31,		Change	
	2016	2015	\$	%
	<i>(in thousands)</i>			
Cost of operating lease and incentives	\$ 159,858	\$ 111,784	\$ 48,074	43%
Cost of solar energy systems and product sales	239,381	168,751	70,630	42%
Sales and marketing	162,781	145,477	17,304	12%
Research and development	10,199	9,657	542	6%
General and administrative expense	92,377	84,442	7,935	9%
Amortization of intangible assets	4,206	3,695	511	14%
Total operating expenses	\$ 668,802	\$ 523,806	\$ 144,996	28%

Cost of Operating Leases and Incentives. The \$48.1 million increase in cost of operating leases and incentives was primarily due to the increase in solar energy systems placed in service in the period from December 31, 2015 through December 31, 2016, plus a full year of costs recognized for systems placed in service in 2015 versus only a partial year of such expenses related to the period in which the assets were in service in 2015. This resulted in a \$22.4 million increase in depreciation and amortization of solar energy system equipment costs and initial direct costs, as well as an increase of \$25.6 million in non-capitalizable costs, associated with the increase in megawatt production.

The cost of operating leases and incentives was 95% of operating lease and incentives revenue during the years ended December 31, 2016 and 2015. Leased systems installed by us bear an allocation of costs, such as warehouse rent and utilities, information technology, administrative and product planning costs, that are expensed during the construction and installation phase as these costs do not meet the criteria for capitalization under ASC 360 *Property, Plant, and Equipment*. These costs can fluctuate depending on the volume of megawatts installed directly by us for systems under an operating lease, and are not necessarily proportional to the increase in revenue generated by our entire fleet of leased systems. As such, the cost of operating leases and incentives as a percentage of operating lease and incentives revenue can vary from period to period.

Cost of Solar Energy Systems and Product Sales. The \$70.6 million increase in cost of solar energy systems and product sales was due to an increase in the sales of solar energy systems which have a lower cost of sales, compared to products.

Sales and Marketing Expense. The \$17.3 million increase in sales and marketing expense was primarily attributable to the expansion of our direct-to-consumer channel, which resulted in increased hiring of sales and marketing personnel.

General and Administrative Expense. The \$7.9 million increase in general and administrative expenses primarily relates to an increase in legal and professional services and hiring of personnel to support the growth of our business and ability to operate as a public company.

Amortization of Intangible Assets. The \$0.5 million increase in amortization expense resulted from the amortization of intangible assets acquired from the CEE acquisition in April 2015.

Non-Operating Expenses

	Year Ended December 31,		Change	
	2016	2015	\$	%
	<i>(in thousands)</i>			
Interest expense, net	\$ 53,244	\$ 33,236	\$ 20,008	60 %
Other expenses (income), net	(840)	1,769	(2,609)	(147)%
Total interest and other expenses, net	\$ 52,404	\$ 35,005	\$ 17,399	50 %

Interest Expense, net. The increase in interest expense, net of \$20.0 million was related to additional borrowings entered into in late 2015 and in 2016.

Other Expenses. The decrease in other expenses of \$2.6 million primarily relates to losses incurred related to an entity which was recorded on an equity method basis of accounting in 2015 that was consolidated in 2016, offset by a \$0.6 million gain due to the change in fair value of warrant derivatives which were issued to former Series D and E preferred stockholders as an inducement to convert their shares of convertible preferred stock into shares of common stock immediately prior to the closing of our initial public offering. Additionally, there was a \$0.4 million loss on early extinguishment of debt in 2015 which did not occur in 2016.

Income Tax Expense (Benefit)

	Year Ended December 31,		Change	
	2016	2015	\$	%
	<i>(in thousands)</i>			
Income tax expense (benefit)	\$ 35,993	\$ (5,299)	\$ 41,292	779%

The tax expense at the statutory rate of 34.0% for the year ended December 31, 2016 was reduced by the allocation of the losses to noncontrolling interests and redeemable noncontrolling interests of 50.2% and increased by other miscellaneous items of 2.8%. The decrease was offset by the tax impact of intercompany transactions of 5.6%. The statutory rate tax of 34.0% for the year ended December 31, 2015 was reduced by the allocation of

losses to noncontrolling interests and redeemable noncontrolling interests of 29.5% and by other miscellaneous items of 2.4%.

The majority of our tax expense relates to an increase in our deferred tax liabilities related to partnerships, depreciation expense and capitalized indirect costs. Given our net operating loss carryforwards as of December 31, 2016, we do not expect to pay income tax, including in connection with our 2016 income tax provision, until our net operating losses are fully utilized. As of the year ended December 31, 2016, our federal and state net operating loss carryforwards were \$571.3 million and \$524.9 million, respectively. If not utilized, the federal net operating loss will begin to expire in the year 2028 and the state net operating losses will begin to expire in the year 2024.

Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests

	Year Ended December 31,		Change	
	2016	2015	\$	%
	<i>(in thousands)</i>			
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	\$ (394,988)	\$ (220,660)	\$ (174,328)	79%

The increase in net loss attributable to noncontrolling interests and redeemable noncontrolling interests was primarily a result of the addition of three investment funds since December 31, 2015, as well as the HLBV method used in determining the amount of net income or loss attributable to noncontrolling interests and redeemable noncontrolling interests, which generally allocates more loss to the noncontrolling interest in the first several years after fund formation.

Quarterly Results of Operations

The following table represents our unaudited consolidated statements of operations for each of the quarters indicated. Our consolidated statements of operations for each of these quarters have been prepared on a basis consistent within our audited financial statements included elsewhere in this Annual Report on Form 10-K and, in the opinion of management, include all adjustments necessary for the fair presentation of our consolidated results of operations for these quarters. You should read this information together with our annual consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Our quarterly results of operations are not necessarily indicative of our results for any future period.

	Three Months Ended							
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Revenue:								
Operating leases and incentives	\$ 59,536	\$ 58,462	\$ 65,337	\$ 48,098	\$ 45,333	\$ 43,150	\$ 45,394	\$ 34,540
Solar energy systems and product sales	86,907	82,829	72,511	56,019	75,251	68,883	77,144	64,203
Total revenue	146,443	141,291	137,848	104,117	120,584	112,033	122,538	98,743
Operating expenses:								
Cost of operating leases and incentives	53,272	49,232	47,114	44,336	42,380	40,770	38,608	38,100
Cost of solar energy systems and product sales	74,174	69,588	60,938	49,431	63,005	57,264	61,600	57,512
Sales and marketing	35,357	37,298	32,784	31,676	35,685	40,192	43,716	43,188
Research and development	4,437	3,936	3,710	2,996	2,905	2,458	2,373	2,463
General and administrative	29,644	27,925	25,230	24,621	24,184	21,331	23,614	23,248
Amortization of intangible assets	1,050	1,052	1,051	1,051	1,052	1,051	1,051	1,052
Total operating expenses	197,934	189,031	170,827	154,111	169,211	163,066	170,962	165,563
Loss from operations	(51,491)	(47,740)	(32,979)	(49,994)	(48,627)	(51,033)	(48,424)	(66,820)
Interest expense, net	20,932	17,707	16,602	15,277	14,709	13,957	13,063	11,515
Other expenses (income), net	1,285	(94)	208	475	(380)	42	30	(532)
Loss before income taxes	(73,708)	(65,353)	(49,789)	(65,746)	(62,956)	(65,032)	(61,517)	(77,803)
Income tax expense (benefit)	(5,487)	14,834	15,453	7,338	22,847	9,936	3,210	—
Net loss	(68,221)	(80,187)	(65,242)	(73,084)	(85,803)	(74,968)	(64,727)	(77,803)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(127,115)	(107,969)	(90,364)	(85,811)	(114,835)	(91,846)	(97,370)	(90,937)
Net income attributable to common stockholders	\$ 58,894	\$ 27,782	\$ 25,122	\$ 12,727	\$ 29,032	\$ 16,878	\$ 32,643	\$ 13,134
Net income per share available to common shareholders								
Basic	\$ 0.55	\$ 0.26	\$ 0.24	\$ 0.12	\$ 0.28	\$ 0.16	\$ —	\$ 0.13
Diluted	\$ 0.54	\$ 0.25	\$ 0.23	\$ 0.12	\$ 0.27	\$ 0.16	\$ —	\$ 0.13
Weighted average shares used to compute net income per share available to common stockholders								
Basic	106,538	105,783	105,093	104,038	103,504	102,707	101,969	101,273
Diluted	109,135	109,598	107,347	106,469	105,761	105,092	104,768	104,219

Liquidity and Capital Resources

As of December 31, 2017, we had cash of \$202.5 million, which consisted of cash held in checking and savings accounts with financial institutions. We finance our operations mainly through a variety of financing fund arrangements that we have formed with fund investors, borrowings, cash generated from our sources of revenue and proceeds from secured, long-term non-recourse loan arrangements for up to \$705.0 million. Our principal uses of cash are funding our business, including the costs of acquisition and installation of solar energy systems, satisfaction of our obligations under our debt instruments and other working capital requirements. As of December 31, 2017, we have outstanding borrowings of \$247.0 million on our \$250.0 million corporate bank line of credit. In February 2018, we extended the maturity date of our \$250.0 million corporate bank line of credit to April 1, 2020 from its current maturity date of April 1, 2018. Our business model requires substantial outside financing arrangements to grow the business and facilitate the deployment of additional solar energy systems. The solar energy systems that are operational are expected to generate a positive return rate over the term of the Customer

Agreement, typically 20 years. However, in order to grow, we will continue to be dependent on financing from outside parties. If financing is not available to us on acceptable terms if and when needed, we may be required to reduce planned spending, which could have a material adverse effect on our operations. While there can be no assurances, we anticipate raising additional required capital from new and existing investors. We believe our cash, investment fund commitments and available borrowings as further described below will be sufficient to meet our anticipated cash needs for at least the next 12 months. The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		
	2017	2016	2015
	<i>(in thousands)</i>		
Consolidated cash flow data:			
Net cash used in operating activities	\$ (61,011)	\$ (150,580)	\$ (105,266)
Net cash used in investing activities	(812,327)	(745,112)	(627,489)
Net cash provided by issuance of common stock related to initial public offering (offering costs paid) and preferred stock, net	—	(437)	222,078
Net cash provided by other financing activities	869,499	898,629	562,387
Net increase (decrease) in cash	<u>\$ (3,839)</u>	<u>\$ 2,500</u>	<u>\$ 51,710</u>

Operating Activities

During 2017, we used \$61.0 million in net cash in operating activities. The primary driver of our operating cash inflow consists of payments received from customers. The driver of our operating cash outflow consists primarily of cost of goods sold and other operating expenses. During 2017, our operating cash outflows were \$71.8 million from our net loss excluding non-cash and non-operating items. The \$71.8 million includes a final cash payment of \$8.8 million related to the Clean Energy Experts, LLC ("CEE") acquisition as discussed in Note 3, *Acquisition* to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. Changes in working capital resulted in a net cash inflow of \$10.7 million, primarily driven by accounts payable which in turn was offset by an increase in inventory due to additional module purchases ahead of the tariff effective in February 2018.

During 2016, we used \$150.5 million in net cash in operating activities. During 2016, we had an increase in deferred revenue of approximately \$10.3 million relating to upfront lease payments received from customers and solar energy system incentive rebate payments received from various state and local utilities. This increase was offset by our operating cash outflows of \$132.2 million from our net loss excluding non-cash and non-operating items. Changes in accounts payable resulted in a cash outflow of \$40.3 million. Changes in working capital, other than deferred revenue and accounts payable, resulted in a cash inflow of \$11.7 million.

During 2015, we used \$105.3 million in net cash from operating activities. During 2015, we had an increase in deferred revenue of approximately \$47.7 million relating to upfront lease payments received from customers and solar energy system incentive rebate payments received from various state and local utilities. This increase was offset by our operating cash outflows of \$159.3 million from our net loss excluding non-cash and non-operating items. Net changes in working capital, other than deferred revenue, resulted in an inflow of cash of \$6.3 million.

Investing Activities

During 2017, we used \$812.3 million in cash in investing activities. Of this amount, we used \$804.4 million to acquire and install solar energy systems and components under our long-term Customer Agreements, and \$8.0 million for capitalized software projects and the acquisition of office equipment.

During 2016, we used \$745.1 million in cash in investing activities. Of this amount, we used \$727.6 million to acquire and install solar energy systems and components under our long-term Customer Agreements, \$12.5 million for the acquisition of office equipment, leasehold improvements and furniture and \$5.0 million for additional purchase consideration for the acquisition of CEE.

During 2015, we used \$627.5 million in cash in investing activities. Of this amount, we used \$594.9 million to acquire and install solar energy systems and components under our long-term Customer Agreements. We used \$19.6 million to acquire the CEE business. We used \$13 million for the acquisition of vehicles, office equipment, leasehold improvements and furniture.

Financing Activities

During 2017, we generated \$869.5 million from financing activities. This was primarily driven by \$546.6 million in net proceeds from fund investors, \$371.7 million in proceeds from non-recourse debt, net of repayments, \$3.0 million in proceeds from recourse debt, net of repayments, and \$13.8 million from state tax credits, net of recapture, offset by \$35.4 million in payments for acquisitions of noncontrolling interests and a transfer of \$21.4 million to restricted cash.

During 2016, we generated \$898.2 million from financing activities. This was primarily driven by \$550.0 million in net proceeds from fund investors, \$312.6 million in proceeds from non-recourse debt, net of repayments, \$47.0 million in proceeds from recourse debt, net of repayments, and \$9.1 million from state tax credits, net of recapture.

During 2015, we generated \$784.5 million from financing activities. This was primarily driven by \$287.2 million in net proceeds from fund investors, \$147.8 million in proceeds from recourse debt, net of repayments, \$147.6 million in proceeds from non-recourse debt, net of repayments and \$222.1 million in proceeds from our initial public offering, net of offering costs.

Debt, Equity, and Financing Fund Commitments

Debt Instruments

For a discussion of the terms and conditions of debt instruments and changes thereof in the period, refer to Note 11, *Cash Equity Financing* and Note 12, *Indebtedness*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Equity Instruments

Conversion of preferred stock and issuance of additional shares and warrants . In July 2015, we entered into a letter of intent to issue 1,250,764 warrants to purchase common stock subject to contingencies being met to the former Series D and E preferred stockholders as an inducement to convert their shares of convertible preferred stock into shares of common stock immediately prior to the closing of our initial public offering and waive any potential anti-dilution adjustments resulting from the issuance of shares of common stock in our initial public offering. The warrants were issued on September 30, 2015. The warrants are exercisable for three years from the date of grant and have an exercise price of \$22.50 per share. The warrants are recorded at fair value as derivative liabilities and reported in other liabilities in the Company's consolidated balance sheet.

Immediately prior to closing of our initial public offering, all 54,840,767 shares of our outstanding preferred stock were automatically converted into shares of common stock.

Initial public offering. On August 10, 2015, we closed our initial public offering in which 17,900,000 shares of common stock were sold at a public offering price of \$14.00 per share, resulting in net proceeds of approximately \$220.9 million, after deducting underwriting discounts and commissions and \$7.9 million in offering expenses payable by us, and excluding the proceeds received by the selling stockholders who sold an aggregate of 417,732 shares of the total 17,900,000 shares sold in the initial public offering.

Warrant. In August 2017, the Company entered into an agreement with an affiliate ("Contractor") of Comcast Corporation ("Comcast") whereby Contractor will receive lead or sales fees for new customers it brings to the Company over a 40-month term. Comcast may also earn a warrant to purchase up to 11,793,355 shares of the Company's outstanding common stock, at an exercise price of \$0.01 per warrant share. The warrant initially vests 50.05% when both (i) Contractor has earned a lead or sales fee with respect to 30,000 of installed solar energy systems, and (ii) Contractor or its affiliates have spent at least \$10.0 million in marketing and sales in connection with the agreement. Thereafter, the warrant will vest in five additional increments for each additional 6,000 installed solar energy systems.

Investment Fund Commitments

As of December 31, 2017, we had undrawn committed capital of approximately \$233.3 million which may only be used to purchase and install solar energy systems. We intend to establish new investment funds in the future, and we may also use debt, equity or other financing strategies to finance our business.

For a discussion of our cash equity financing, refer to Note 11, *Cash Equity Financing*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Contractual Obligations and Other Commitments

The following table summarizes our contractual obligations as of December 31, 2017:

	Payments Due by Period				Total
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	
	<i>(in thousands)</i>				
Contractual Obligations:					
Debt obligations (including future interest) ⁽¹⁾	\$ 84,028	\$ 538,589	\$ 431,011	\$ 521,916	\$ 1,575,544
Purchase commitments ⁽²⁾	145,616	134,956	—	—	280,572
Distributions payable to noncontrolling interests and redeemable noncontrolling interests ⁽³⁾	13,583	—	—	—	13,583
Capital lease obligations (including accrued interest)	7,919	5,786	328	18	14,051
Operating lease obligations	9,360	10,918	5,250	1,580	27,108
Total contractual obligations	\$ 260,506	\$ 690,249	\$ 436,589	\$ 523,514	\$ 1,910,858

⁽¹⁾ The foregoing table reflects that, in February 2018, we amended our corporate bank line of credit facility to extend the maturity date of our \$250.0 million corporate bank line of credit to April 1, 2020 from its current maturity date of April 1, 2018.

⁽²⁾ Amounts may vary as final details of tariff imposition are implemented by our suppliers.

⁽³⁾ The foregoing table does not include the amounts we could be required to expend under our redemption obligations discussed above.

Off Balance Sheet Arrangements

We include in our consolidated financial statements all assets and liabilities and results of operations of investment fund arrangements that we have entered into. We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statement included elsewhere in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks in the ordinary course of our business. Our primary exposure includes changes in interest rates because certain borrowings bear interest at floating rates based on LIBOR plus a specified margin. We sometimes manage our interest rate exposure on floating-rate debt by entering into derivative instruments to hedge all or a portion of our interest rate exposure in certain debt facilities. We do not enter into any derivative instruments for trading or speculative purposes. Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and operating expenses and reducing funds available for capital investments, operations and other purposes. A hypothetical 10% increase in our interest rates on our variable rate debt facilities would have increased our interest expense by \$2.6 million and \$1.5 million for the year ended December 31, 2017 and 2016, respectively.

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Sunrun Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sunrun Inc. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), redeemable noncontrolling interests and stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.

San Francisco, California
March 6, 2018

Sunrun Inc.
Consolidated Balance Sheets
(In Thousands, Except Share Par Values)

	As of December 31,	
	2017	2016
Assets		
Current assets:		
Cash	\$ 202,525	\$ 206,364
Restricted cash	39,265	11,882
Accounts receivable (net of allowances for doubtful accounts of \$1,665 and \$1,166 as of December 31, 2017 and 2016, respectively)	76,198	60,258
State tax credits receivable	11,085	13,713
Inventories	94,427	67,326
Prepaid expenses and other current assets	9,202	9,802
Total current assets	432,702	369,345
Restricted cash	—	6,117
Solar energy systems, net	3,319,708	2,629,366
Property and equipment, net	36,402	48,471
Intangible assets, net	14,294	18,499
Goodwill	87,543	87,543
Prepaid tax asset	—	378,541
Other assets	37,225	34,936
Total assets (1)	\$ 3,927,874	\$ 3,572,818
Liabilities and total equity		
Current liabilities:		
Accounts payable	\$ 115,193	\$ 66,018
Distributions payable to noncontrolling interests and redeemable noncontrolling interests	13,583	10,654
Accrued expenses and other liabilities	85,639	59,261
Deferred revenue, current portion	77,310	70,849
Deferred grants, current portion	8,269	8,011
Capital lease obligations, current portion	7,421	10,015
Non-recourse debt, current portion	21,529	14,153
Lease pass-through financing obligation, current portion	6,087	5,823
Total current liabilities	335,031	244,784
Deferred revenue, net of current portion	584,427	583,401
Deferred grants, net of current portion	228,603	226,893
Capital lease obligations, net of current portion	5,811	12,965
Recourse debt, net of current portion	247,000	244,000
Non-recourse debt, net of current portion	1,026,416	639,870
Lease pass-through financing obligation, net of current portion	138,124	137,958
Other liabilities	13,520	5,457
Deferred tax liabilities	59,131	415,397
Total liabilities (1)	2,638,063	2,510,725
Commitments and contingencies (Note 21)		
Redeemable noncontrolling interests	123,737	137,907
Stockholders' equity:		
Preferred stock, \$0.0001 par value—authorized, 200,000 shares as of December 31, 2017 and 2016; no shares issued and outstanding as of December 31, 2017 and 2016	—	—
Common stock, \$0.0001 par value—authorized, 2,000,000 shares as of December 31, 2017 and 2016; issued and outstanding, 107,350 and 104,321 shares as of December 31, 2017 and 2016, respectively	11	10
Additional paid-in capital	684,141	668,076
Accumulated other comprehensive income (loss)	(4,113)	437
Retained earnings	131,959	4,438
Total stockholders' equity	811,998	672,961
Noncontrolling interests	354,076	251,225
Total equity	1,166,074	924,186
Total liabilities, redeemable noncontrolling interests and total equity	\$ 3,927,874	\$ 3,572,818

(1) The Company's consolidated assets as of December 31, 2017 and 2016 include \$2,541,176 and \$2,065,232, respectively, in assets of variable interest entities, or "VIEs", that can only be used to settle obligations of the VIEs. Solar energy systems, net, as of December 31, 2017 and 2016 were \$2,385,329 and \$1,920,330, respectively; cash as of December 31, 2017 and 2016 were \$118,352 and \$120,728, respectively; restricted cash as of December 31, 2017 and 2016 were \$2,699 and \$1,680, respectively; accounts receivable, net as of December 31, 2017 and 2016 were \$30,200 and \$20,771, respectively; prepaid expenses and other current assets as of December 31, 2017 and 2016 were \$917 and \$242, respectively and other assets as of December 31, 2017 and 2016 were \$3,679 and \$1,481, respectively. The Company's consolidated liabilities as of December 31, 2017 and 2016 include \$674,564 and \$617,011, respectively, in liabilities of VIEs whose creditors have no recourse to the Company. These liabilities include accounts payable as of December 31, 2017 and 2016 of \$15,929 and \$14,873, respectively; distributions payable to noncontrolling interests and redeemable noncontrolling interests as of December 31, 2017 and 2016 of \$13,526 and \$10,654, respectively; accrued expenses and other liabilities as of December 31, 2017 and 2016 of \$4,896 and \$782, respectively; deferred revenue as of December 31, 2017 and 2016 of \$408,523 and \$422,685, respectively; deferred grants as of December 31, 2017 and 2016 of \$30,406 and \$109,034, respectively; and non-recourse debt as of December 31, 2017 and 2016 of \$201,284 and \$58,983, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

Sunrun Inc.
Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenue:			
Operating leases and incentives	\$ 231,433	\$ 168,417	\$ 118,004
Solar energy systems and product sales	298,266	285,481	186,602
Total revenue	<u>529,699</u>	<u>453,898</u>	<u>304,606</u>
Operating expenses:			
Cost of operating leases and incentives	193,954	159,858	111,784
Cost of solar energy systems and product sales	254,131	239,381	168,751
Sales and marketing	137,115	162,781	145,477
Research and development	15,079	10,199	9,657
General and administrative	107,420	92,377	84,442
Amortization of intangible assets	4,204	4,206	3,695
Total operating expenses	<u>711,903</u>	<u>668,802</u>	<u>523,806</u>
Loss from operations	(182,204)	(214,904)	(219,200)
Interest expense, net	70,518	53,244	33,236
Other expenses (income), net	1,874	(840)	1,769
Loss before income taxes	(254,596)	(267,308)	(254,205)
Income tax expense (benefit)	32,138	35,993	(5,299)
Net loss	<u>(286,734)</u>	<u>(303,301)</u>	<u>(248,906)</u>
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(411,259)	(394,988)	(220,660)
Net income (loss) attributable to common stockholders	\$ 124,525	\$ 91,687	\$ (28,246)
Less: Deemed dividend to convertible preferred stockholders	—	—	(24,890)
Net income (loss) available to common stockholders	<u>\$ 124,525</u>	<u>\$ 91,687</u>	<u>\$ (53,136)</u>
Net income (loss) per share available to common stockholders			
Basic	<u>\$ 1.18</u>	<u>\$ 0.90</u>	<u>\$ (0.96)</u>
Diluted	<u>\$ 1.15</u>	<u>\$ 0.87</u>	<u>\$ (0.96)</u>
Weighted average shares used to compute net income (loss) per share available to common stockholders			
Basic	<u>105,432</u>	<u>102,367</u>	<u>55,091</u>
Diluted	<u>108,206</u>	<u>104,964</u>	<u>55,091</u>

The accompanying notes are an integral part of these consolidated financial statements.

Sunrun Inc.
Consolidated Statements of Comprehensive Income (Loss)
(In Thousands)

	Year Ended December 31,		
	2017	2016	2015
Net income (loss) attributable to common stockholders	\$ 124,525	\$ 91,687	\$ (28,246)
Other comprehensive income (loss):			
Unrealized gain (loss) on derivatives, net of income taxes	(5,694)	335	(2,442)
Interest expense on derivatives recognized into earnings, net of income taxes	1,144	1,023	1,521
Comprehensive income (loss)	\$ 119,975	\$ 93,045	\$ (29,167)

The accompanying notes are an integral part of these consolidated financial statements.

Sunrun Inc.
Consolidated Statements of Redeemable Noncontrolling Interests and Stockholders' Equity
(In Thousands)

	Redeemable Noncontrolling Interests	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
		Shares	Amount	Shares	Amount						
Balance - January 1, 2015	\$ 135,948	54,841	\$ 5	24,249	\$ 2	\$ 383,860	\$ —	\$ (59,003)	\$ 324,864	\$ 91,755	\$ 416,619
Exercise of stock options	—	—	—	1,210	—	3,548	—	—	3,548	—	3,548
Issuance of restricted stock units, net of tax withholdings	—	—	—	182	—	(103)	—	—	(103)	—	(103)
Stock-based compensation	—	—	—	—	—	16,002	—	—	16,002	—	16,002
Contributions from noncontrolling interests and redeemable noncontrolling interests	128,466	—	—	—	—	—	—	—	—	147,238	147,238
Distributions to noncontrolling interests and redeemable noncontrolling interests	(12,924)	—	—	—	—	—	—	—	—	(17,193)	(17,193)
Issuance of shares due to business acquisition	—	—	—	1,650	—	19,148	—	—	19,148	—	19,148
Inducement shares issued to Series D and E preferred stockholders	—	—	—	1,668	1	23,348	—	—	23,349	—	23,349
Deemed dividend to Series D and E convertible preferred stockholders	—	—	—	—	—	(24,890)	—	—	(24,890)	—	(24,890)
Conversion of convertible preferred stock to common stock	—	(54,841)	(5)	54,841	5	—	—	—	—	—	—
Issuance of common stock in connection with underwritten public offering, net of issuance costs	—	—	—	17,482	2	221,316	—	—	221,318	—	221,318
Net loss	(104,351)	—	—	—	—	—	—	(28,246)	(28,246)	(116,309)	(144,555)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	(921)	—	(921)	—	(921)
Balance - December 31, 2015	\$ 147,139	—	\$ —	101,282	\$ 10	\$ 642,229	\$ (921)	\$ (87,249)	\$ 554,069	\$ 105,491	\$ 659,560
Exercise of stock options	—	—	—	1,852	—	5,416	—	—	5,416	—	5,416
Issuance of restricted stock units, net of tax withholdings	—	—	—	422	—	(381)	—	—	(381)	—	(381)
Shares issued in connection with the Employee Stock Purchase Plan	—	—	—	515	—	2,432	—	—	2,432	—	2,432
Stock-based compensation	—	—	—	—	—	18,817	—	—	18,817	—	18,817
Contributions from noncontrolling interests and redeemable noncontrolling interests	123,023	—	—	—	—	—	—	—	—	450,519	450,519
Distributions to noncontrolling interests and redeemable noncontrolling interests	(13,605)	—	—	—	—	—	—	—	—	(28,447)	(28,447)
Offering costs in connection with underwritten public offering	—	—	—	—	—	(437)	—	—	(437)	—	(437)
Issuance of shares due to business acquisition in 2015	—	—	—	250	—	—	—	—	—	—	—
Net income (loss)	(118,650)	—	—	—	—	—	—	91,687	91,687	(276,338)	(184,651)
Other comprehensive income, net of taxes	—	—	—	—	—	—	1,358	—	1,358	—	1,358
Balance - December 31, 2016	\$ 137,907	—	\$ —	104,321	\$ 10	\$ 668,076	\$ 437	\$ 4,438	\$ 672,961	\$ 251,225	\$ 924,186
Cumulative effect of adoption of new ASUs	—	—	—	—	—	—	—	2,996	2,996	—	2,996
Exercise of stock options	—	—	—	686	—	1,984	—	—	1,984	—	1,984
Issuance of restricted stock units, net of tax withholdings	—	—	—	1,115	—	(3,569)	—	—	(3,569)	—	(3,569)
Shares issued in connection with the Employee Stock Purchase Plan	—	—	—	628	1	2,619	—	—	2,620	—	2,620
Stock-based compensation	—	—	—	—	—	22,088	—	—	22,088	—	22,088
Acquisition and derecognition of noncontrolling interests, net of taxes	(37,919)	—	—	—	—	(7,057)	—	—	(7,057)	(2,351)	(9,408)
Contributions from noncontrolling interests and redeemable noncontrolling interests	128,052	—	—	—	—	—	—	—	—	469,617	469,617
Distributions to noncontrolling interests and redeemable noncontrolling interests	(14,769)	—	—	—	—	—	—	—	—	(42,690)	(42,690)
Issuance of shares due to business acquisition in 2015	—	—	—	600	—	—	—	—	—	—	—
Net income (loss)	(89,534)	—	—	—	—	—	—	124,525	124,525	(321,725)	(197,200)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	(4,550)	—	(4,550)	—	(4,550)
Balance - December 31, 2017	\$ 123,737	—	\$ —	107,350	\$ 11	\$ 684,141	\$ (4,113)	\$ 131,959	\$ 811,998	\$ 354,076	\$ 1,166,074

The accompanying notes are an integral part of these consolidated financial statements

Sunrun Inc.
Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended December 31,		
	2017	2016	2015
Operating activities:			
Net loss	\$ (286,734)	\$ (303,301)	\$ (248,906)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization, net of amortization of deferred grants	136,361	104,105	71,373
Deferred income taxes	32,138	35,993	(5,299)
Stock-based compensation expense	22,042	18,723	15,823
Noncash interest expense	17,150	13,441	6,997
Interest on lease pass-through financing obligations	11,973	12,081	11,959
Reduction in lease pass-through financing obligations	(18,230)	(18,551)	(16,780)
Other noncash losses and expenses	13,546	5,235	5,514
Changes in operating assets and liabilities:			
Accounts receivable	(17,870)	674	(15,517)
Inventories	(27,101)	4,042	(47,344)
Prepaid and other assets	(3,478)	(4,799)	(884)
Accounts payable	47,837	(40,336)	50,946
Accrued expenses and other liabilities	2,573	11,819	19,168
Deferred revenue	8,782	10,294	47,684
Net cash used in operating activities	(61,011)	(150,580)	(105,266)
Investing activities:			
Payments for the costs of solar energy systems, leased and to be leased	(804,371)	(727,568)	(594,887)
Purchases of property and equipment	(7,956)	(12,544)	(13,027)
Business acquisition, net of cash acquired	—	(5,000)	(19,575)
Net cash used in investing activities	(812,327)	(745,112)	(627,489)
Financing activities:			
Proceeds from state tax credits, net of recapture	13,773	9,081	4,685
Proceeds from issuance of recourse debt	170,400	458,400	495,985
Repayment of recourse debt	(167,400)	(411,400)	(348,224)
Proceeds from issuance of non-recourse debt	748,806	335,666	159,400
Repayment of non-recourse debt	(362,763)	(23,076)	(11,774)
Payment of debt fees	(14,392)	(13,741)	(14,798)
Proceeds from lease pass-through financing obligations	6,221	16,047	129,121
Repayment of lease pass-through financing obligations	—	—	(88,918)
Contributions received from noncontrolling interests and redeemable noncontrolling interests	594,921	573,542	275,704
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	(54,530)	(39,542)	(28,737)
Acquisition of noncontrolling interests	(35,386)	—	—
Proceeds from exercises of stock options, net of withholding taxes on restricted stock units and issuance of shares in connection with the Employee Stock Purchase Plan	1,035	7,364	3,548
Proceeds received, net and (offering costs paid) related to initial public offering	—	(437)	222,078
Payment of capital lease obligations	(9,836)	(12,759)	(4,854)
Change in restricted cash	(21,350)	(953)	(8,751)
Net cash provided by financing activities	869,499	898,192	784,465
Net change in cash	(3,839)	2,500	51,710
Cash, beginning of period	206,364	203,864	152,154
Cash, end of period	\$ 202,525	\$ 206,364	\$ 203,864
Supplemental disclosures of cash flow information			
Cash paid for interest	\$ 42,194	\$ 26,191	\$ 11,954
Cash paid for taxes	\$ —	\$ —	\$ —
Supplemental disclosures of noncash investing and financing activities			
Purchases of solar energy systems and property and equipment included in accounts payable and accrued expenses	\$ 19,625	\$ 18,547	\$ 15,850
Purchases of solar energy systems included in non-recourse debt	\$ 12,873	\$ —	\$ —
Distributions payable to noncontrolling interests and redeemable noncontrolling interests	\$ 13,583	\$ 10,654	\$ 8,144
Vehicles acquired under capital leases	\$ 650	\$ 12,961	\$ 21,556
Noncash purchase consideration on acquisition of business	\$ —	\$ —	\$ 18,718
Deemed dividend on Series D and E preferred shares	\$ —	\$ —	\$ 24,890
Offering costs prepaid in prior year	\$ —	\$ —	\$ 760

The accompanying notes are an integral part of these consolidated financial statements.

Sunrun Inc.
Notes to Consolidated Financial Statements

Note 1. Organization

Sunrun Inc. ("Sunrun" or the "Company") was originally formed in 2007 as a California limited liability company, and was converted into a Delaware corporation in 2008. The Company is engaged in the design, development, installation, sale, ownership and maintenance of residential solar energy systems ("Projects") in the United States.

Sunrun acquires customers directly and through relationships with various solar and strategic partners ("Partners"). The Projects are constructed either by Sunrun or by Sunrun's Partners and are owned by the Company. Sunrun's customers enter into a power purchase agreement ("PPA") or a lease (each, a "Customer Agreement") which typically has a term of 20 years. Sunrun monitors, maintains and insures the Projects. The Company also sells solar energy systems and products, such as panels and racking and solar leads generated to customers.

The Company has formed various subsidiaries ("Funds") to finance the development of Projects. These Funds, structured as limited liability companies, obtain financing from outside investors and purchase or lease Projects from Sunrun under master purchase or master lease agreements. The Company currently utilizes three legal structures in its investment Funds, which are referred to as: (i) lease pass-throughs, (ii) partnership-flips and (iii) joint venture ("JV") inverted leases.

Sunrun acquired Clean Energy Experts, LLC ("CEE"), a consumer demand and solar lead generation company, in April 2015, to support the growth of the business, including reducing costs of obtaining customer leads externally. As a result of the acquisition, the Company also sells a portion of solar leads generated to customers.

The Company completed its initial public offering in August 2015 and its common stock is listed on the NASDAQ Global Select Market under the symbol "RUN".

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and reflect the accounts and operations of the Company and those of its subsidiaries, including Funds, in which the Company has a controlling financial interest. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity. However, a controlling financial interest may also exist in entities, such as variable interest entities ("VIEs"), through arrangements that do not involve controlling voting interests. In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 810 ("ASC 810") *Consolidation*, the Company consolidates any VIE of which it is the primary beneficiary. The primary beneficiary, as defined in ASC 810, is the party that has (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Company evaluates its relationships with its VIEs on an ongoing basis to determine whether it continues to be the primary beneficiary. The consolidated financial statements reflect the assets and liabilities of VIEs that are consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company regularly makes significant estimates and assumptions, including, but not limited to, the estimates that affect the collectability of accounts receivable, the valuation of inventories, the useful lives of solar energy systems, the useful lives of property and equipment, the valuation and useful lives of intangible assets, the fair value of assets acquired and liabilities assumed in business combinations, the effective interest rate used to amortize lease pass-through financing obligations, the fair value used to value solar energy systems, the valuation of stock-based compensation, the determination of valuation allowances associated with deferred tax assets, the

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

fair value of debt instruments disclosed and the redemption value of redeemable noncontrolling interests. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable. Actual results may differ from such estimates.

Segment Information

The Company has one operating segment with one business activity, providing solar energy services and products to customers. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer, who manages operations on a consolidated basis for purposes of allocating resources. When evaluating performance and allocating resources, the CODM reviews financial information presented on a consolidated basis.

Revenues from external customers (including, but not limited to homeowners) for each group of similar products and services are as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Operating leases	\$ 174,664	\$ 125,197	\$ 86,332
Incentives	56,769	43,220	31,672
Operating leases and incentives	231,433	168,417	118,004
Solar energy systems	113,953	127,727	50,191
Products	184,313	157,754	136,411
Solar energy systems and product sales	298,266	285,481	186,602
Total revenue	<u>\$ 529,699</u>	<u>\$ 453,898</u>	<u>\$ 304,606</u>

Cash

Cash consists of bank deposits held in checking and savings accounts. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company has exposure to credit risk to the extent cash balances exceed amounts covered by federal deposit insurance. The Company believes that its credit risk is not significant.

Restricted Cash

Restricted cash represents amounts related to replacement of solar energy system components and obligations under certain financing transactions.

Accounts Receivable

Accounts receivable consist of amounts due from customers as well as state and utility rebates due from government agencies and utility companies. Under arrangements with customers, the customers typically assign incentive rebates to the Company.

Accounts receivable are recorded at net realizable value. The Company maintains allowances for the applicable portion of receivables when collection becomes doubtful. The Company estimates anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivables, which takes into account the number of days past due, collection history, identification of specific customer exposure, and current economic trends. Once a receivable is deemed to be uncollectible, it is written off. In 2017, 2016 and 2015, the Company recorded provision for bad debt expense of \$2.1 million, \$1.4 million and \$2.0 million, respectively, and wrote-off uncollectible receivables of \$1.6 million, \$1.8 million and \$1.1 million, respectively.

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

Accounts receivable, net consists of the following (in thousands):

	December 31,	
	2017	2016
Customer receivables	\$ 68,243	\$ 50,811
Customer deposits	7,427	5,793
Other receivables	751	856
Rebates receivable	1,442	3,964
Allowance for doubtful accounts	(1,665)	(1,166)
Total	\$ 76,198	\$ 60,258

State Tax Credits Receivable

State tax credits receivable are recognized upon submission of the state income tax return.

Inventories

Inventories are stated at the lower of cost or net realizable value on a first-in, first-out basis. Inventories consist of raw materials such as photovoltaic panels, inverters and mounting hardware as well as miscellaneous electrical components that are sold as-is by the distribution operations and used in installations and work-in-process. Work-in-process primarily relates to solar energy systems that will be sold to customers, which are partially installed and have yet to pass inspection by the responsible city or utility department. For solar energy systems where the Company performs the installation, the Company commences transferring component parts from inventories to construction-in-progress, a component of solar energy systems, once a lease contract with a lease customer has been executed and the component parts have been assigned to a specific project. Additional costs incurred including labor and overhead are recorded within construction in progress.

The Company periodically reviews inventories for unusable and obsolete items based on assumptions about future demand and market conditions. Based on this evaluation, provisions are made to write inventories down to their market value.

Solar Energy Systems, net

The Company records solar energy systems leased to customers and solar energy systems that are under installation as solar energy systems, net on its consolidated balance sheet. Solar energy systems, net is comprised of system equipment costs and initial direct costs related to solar energy systems, less accumulated depreciation and amortization. Depreciation on solar energy systems is calculated on a straight-line basis over the estimated useful lives of the systems of 35 years. Prior to the fourth quarter of 2016, the Company calculated depreciation on solar energy systems on a straight-line basis to their estimated residual values over the estimated useful lives of systems, which was expected to be 20 years. The Company revised the estimated useful life of solar energy systems in the fourth quarter of 2016, as the Company reviewed its assumptions and concluded that customers are more likely to renew their lease rather than purchase the solar energy system at the end of the lease term. The impact of the change in estimate was immaterial for 2016 and future periods. The Company periodically reviews its estimated useful life and recognizes changes in estimates by prospectively adjusting depreciation expense. Inverters and batteries are depreciated over their estimated useful life of 10 years.

Solar energy systems under construction will be depreciated as solar energy systems leased to customers when the respective systems are completed and interconnected.

Initial direct costs from the origination of Customer Agreements are capitalized and amortized over the initial term of the related Customer Agreement and are included within solar energy systems, net in the consolidated balance sheets. Amortization of these costs is recorded in cost of operating leases and incentives in the accompanying consolidated statements of operations.

On January 1, 2018, we will no longer classify and account for our Customer Agreements as operating leases. Instead, we will account for our Customer Agreements pursuant to ASU No. 2014-09 *Revenue from Contracts with Customers* ("Topic 606"). Upon adoption of Topic 606, we will no longer record IDCs. Instead, we

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Notes to Consolidated Financial Statements — Continued

will record costs to obtain a contract in other assets on the consolidated balance sheets, and amortize the balance over the term of the Customer Agreements which will be recorded in future periods to sales and marketing expense on the consolidated statements of operations. The difference in the cumulative amount as of January 1, 2018 is not expected to be material.

Property and Equipment, net

Property and equipment, net consists of leasehold improvements, furniture, computer hardware and software, machinery and equipment and automobiles. All property and equipment are stated at historical cost net of accumulated depreciation. Repairs and maintenance are expensed as incurred.

Property and equipment is depreciated on a straight-line basis over the following periods:

Leasehold improvements	Lesser of 6 years or lease term
Furniture	5 years
Computer hardware and software	3 years
Machinery and equipment	5 years or lease term
Automobiles	Lease term

Capitalization of Software Costs

For costs incurred in the development of internal use software, the Company capitalizes costs incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life. We capitalized additional costs of \$6.1 million, \$4.9 million and \$8.3 million in 2017, 2016 and 2015, respectively.

Intangible Assets, net

Finite-lived intangible assets are initially recorded at fair value and presented net of accumulated amortization. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Customer relationships	6-10 years
Developed technology	5 years
Trade names	5-8 years

Impairment of Long-Lived Assets

The carrying amounts of the Company's long-lived assets, including solar energy systems and intangible assets subject to depreciation and amortization, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Factors that are considered in deciding when to perform an impairment review would include significant negative industry or economic trends and significant changes or planned changes in the use of the assets. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. If the useful life is shorter than originally estimated, the Company amortizes the remaining carrying value over the new shorter useful life. No impairment of long-lived assets has been recorded for the years ended December 31, 2017, 2016 and 2015.

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Notes to Consolidated Financial Statements — Continued

Business Combinations

Acquisitions of entities that meet the definition of a business are accounted for as business combinations in accordance with ASC 805, *Business Combinations*. The Company records assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. Goodwill is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may be impaired. The Company has determined that it operates as one reporting unit and the Company's goodwill is recorded at the enterprise level. The Company performs its annual impairment test of goodwill on October 1 of each fiscal year or whenever events or circumstances change or occur that would indicate that goodwill might be impaired. When assessing goodwill for impairment, the Company uses qualitative and if necessary, quantitative methods in accordance with FASB ASC Topic 350, *Goodwill*. The Company also considers its enterprise value and if necessary, discounted cash flow model, which involves assumptions and estimates, including the Company's future financial performance, weighted average cost of capital and interpretation of currently enacted tax laws.

Circumstances that could indicate impairment and require the Company to perform a quantitative impairment test include a significant decline in the Company's financial results, a significant decline in the Company's enterprise value relative to its net book value, an unanticipated change in competition or the Company's market share and a significant change in the Company's strategic plans.

Deferred Revenue

Deferred revenue consists of amounts for which the criteria for revenue recognition have not yet been met and includes a) amounts that are collected from customers, including upfront deposits and lease prepayments; b) rebates and incentives received and receivables from utility companies and various local and state government agencies; c) amounts related to investment tax credits ("ITC") that the Company monetized in connection with its lease-pass through financing obligations; and d) amounts received related to the sales of solar renewable energy credits ("SRECs").

Deferred revenue consists of the following (in thousands):

	December 31,	
	2017	2016
Customer payments	\$ 436,859	\$ 400,233
Rebates and incentives	108,823	110,576
ITCs	85,602	121,004
SRECs	30,453	22,437
Total	\$ 661,737	\$ 654,250

Deferred Grants

Deferred grants consist of U.S. Treasury grants and state tax credits. The Company applied for a renewable energy technologies income tax credit offered by one of the states in the form of a cash payment and deferred the tax credit as a grant on the consolidated balance sheets. The Company records the grants as deferred grants and recognizes the benefit on a straight-line basis over the estimated depreciable life of the associated assets as a reduction in cost of operating leases and incentives. As described in the Solar Energy Systems, net section above, the estimated depreciable life of the associated assets was revised from 20 to 35 years in 2016.

Warranty Accrual

The Company accrues warranty costs when revenue is recognized for solar energy systems sales, based on the estimated future costs of meeting its warranty obligations. Warranty costs primarily consist of replacement costs for supplies and labor costs for service personnel since warranties for equipment and materials are covered by the original manufacturer's warranty (other than a small deductible in certain cases). As such, the warranty reserve is immaterial in all periods presented. The Company makes and revises these estimates based on the number of solar energy systems under warranty, the Company's historical experience with warranty claims, assumptions on warranty claims to occur over a systems' warranty period and the Company's estimated replacement costs.

Solar Energy Performance Guarantees

The Company guarantees to customers certain specified minimum solar energy production output for solar facilities over the initial term of the Customer Agreements. The Company monitors the solar energy systems to determine whether these specified minimum outputs are being achieved. If the Company determines that the guaranteed minimum energy output is not achieved, it records a liability for the estimated amounts payable. The liability, which is included as accrued expenses and other liabilities in the consolidated balance sheets is immaterial in all periods presented.

Derivative Financial Instruments

The Company recognizes all derivative instruments on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive loss if a derivative is designated as part of a hedge transaction. The ineffective portion of the hedge, if any, is immediately recognized in earnings and are included in other expenses (income), net in the consolidated statements of operations.

Beginning in 2015, the Company uses derivative financial instruments, primarily interest rate swaps, to manage its exposure to interest rate risks on its syndicated term loans, which are recognized on the balance sheet at their fair values. On the date that the Company enters into a derivative contract, the Company formally documents all relationships between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking each hedge transaction. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Cash flow hedges are accounted for by recording the fair value of the derivative instrument on the balance sheet as either a freestanding asset or liability. Changes in the fair value of a derivative that is designated and qualifies as an effective cash flow hedge are recorded in accumulated other comprehensive loss, net of tax, until earnings are affected by the variability of cash flows of the hedged item. Any derivative gains and losses that are not effective in hedging the variability of expected cash flows of the hedged item or that do not qualify for hedge accounting treatment are recognized directly into income. At the hedge's inception and at least quarterly thereafter, a formal assessment is performed to determine whether changes in cash flows of the derivative instrument have been highly effective in offsetting changes in the cash flows of the hedged items and whether they are expected to be highly effective in the future. The Company discontinues hedge accounting prospectively when (i) it determines that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (ii) the derivative expires or is sold, terminated, or exercised; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the derivative instrument is carried at its fair market value on the balance sheet with the changes in fair value recognized in current period earnings. The remaining balance in accumulated other comprehensive loss associated with the derivative that has been discontinued is not recognized in the income statement unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in earnings when earnings are affected by the hedged transaction.

The Company recognized warrants with former preferred stockholders as an inducement to convert their shares of convertible preferred stock into shares of common stock immediately prior to the Company's initial public offering as derivative liabilities. Such liabilities were valued when the financial instruments were initially issued, with the change in their respective fair values recorded as a gain or loss on revaluation within other expenses (income), net in the Company's statement of operations. The Company determines the fair value of its warrant derivative liabilities using the Black-Scholes option-pricing model.

Fair Value of Financial Instruments

The Company defines fair value as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses valuation approaches to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. The FASB establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

- Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level 3—Inputs that are unobservable, significant to the measurement of the fair value of the assets or liabilities and are supported by little or no market data.

The Company's financial instruments include cash, receivables, accounts payable, accrued expenses, distributions payable to noncontrolling interests, derivatives, and recourse and non-recourse debt.

Revenue Recognition

The Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed and determinable, and (iv) collection of the related receivable is reasonably assured.

Operating leases and incentives

Operating leases and incentives revenue is primarily comprised of revenue from Customer Agreements, revenue from solar energy system rebate incentives, revenue associated with ITCs assigned to investment funds that are classified as lease pass-through arrangements and revenue from the sales of SRECs generated by the Company's solar energy systems to third parties.

The Company begins to recognize revenue on Customer Agreements when permission to operate ("PTO") is given by the local utility company or on the date daily operation commences if utility approval is not required. The Company recognizes revenue on a straight-line basis over the initial term of the Customer Agreements (typically 20 years) that have minimum lease payments, or as earned when the customers are billed based on the actual electricity generated at a specific rate under the terms of the Customer Agreements.

The Company considers upfront rebate incentives received from states and utilities for solar energy systems subject to Customer Agreements to be minimum lease payments. Rebate revenue is recognized on a straight-line basis over the life of the initial contract term of the Customer Agreement beginning when a PTO letter is issued by the local utility company or on the date daily operation commences if utility approval is not required.

The Company monetizes the ITCs associated with the leased systems on its lease pass-through financing obligations by assigning them to the investor together with the future customer lease payments. A portion of the cash consideration received from the investors is allocated to the estimated fair value of the assigned ITCs upon the PTO dates of the leased systems, as discussed below. The estimated fair value of the ITCs is determined by applying the expected internal rate of return to the investor on this structure to the gross amount of the ITCs that may be claimed by the investor.

The ITCs are subject to recapture under the Code if the underlying solar energy system either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed in service date. The recapture amount decreases by 20% on each anniversary of the PTO date. As the Company has an obligation to ensure the solar energy systems is in service and operational for a term of five years to avoid any recapture of the ITCs, the Company recognizes revenue as the recapture provisions lapse assuming the other aforementioned revenue recognition criteria have been met. The portion of monetized ITCs are reclassified to deferred revenue from lease

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pass-through financing obligation on the consolidated balance sheets when the leased systems are granted PTO. Subsequently, one-fifth of the monetized ITCs are recognized as revenue in the consolidated statements of operations on each anniversary of the solar energy systems' PTO date over the following five years.

SREC revenue arises from the sale of environmental credits generated by solar energy systems. SREC revenue is recorded in operating leases and incentives revenue. We recognize revenue related to the sale of SRECs to the extent the cumulative value of delivered SRECs per contract exceeds any possible liquidated damages for non-delivery, if any.

The Company has determined that Customer Agreements are operating leases as opposed to capital leases pursuant to ASC 840, *Leases*. The initial lease term of Customer Agreements is 20 years. Since the estimated economic life of solar energy systems is estimated to be at least 35 years, the lease term is less than 75% of its estimated economic life. Additionally, the Company evaluated the following lease classification criteria: (i) whether there is a transfer of ownership or bargain purchase option at the end of the lease and (ii) whether the present value of minimum lease payments exceeds 90% of the fair value at lease inception and determined that these criteria were not met.

Pursuant to our early adoption of ASC 842, *Leases* ("ASC 842"), our Customer Agreements will no longer meet the criteria for lease accounting. Instead, we will account for our Customer Agreements pursuant to Topic 606. See discussion under "Recently Issued and Adopted Accounting Standards" below.

Solar energy systems and product sales

For solar energy systems sold to customers, the Company recognizes revenue when the solar energy system passes inspection by the authority having jurisdiction, provided all other revenue recognition criteria have been met. The Company's installation projects are typically completed in a short period of time.

Product sales consist of solar panels, racking systems, inverters, other solar energy products sold to resellers and customer leads. Product sales revenue is recognized at the time when title is transferred, generally upon shipment. Shipping and handling fees charged to customers are included in net sales. Total shipping and handling fees charged to customers was \$3.7 million for the year ended December 31, 2017 and \$2.6 million for the years ended December 31, 2016 and 2015. Volume discounts given to customers are recorded as a reduction of revenue, since the Company does not receive goods or services in exchange for the discounts offered. Customer lead revenue, included in product sales, is recognized at the time the lead is delivered.

Taxes assessed by government authorities that are directly imposed on revenue producing transactions are excluded from product revenue.

Cost of Revenue

Operating leases and incentives

Cost of revenue for operating leases and incentives is primarily comprised of the (1) depreciation of the cost of the solar energy systems, as reduced by amortization of deferred grants, (2) amortization of initial direct costs, (3) lease operations, monitoring and maintenance costs including associated personnel costs, and (4) allocated corporate overhead costs.

Solar energy systems and product sales

Cost of revenue for solar energy systems and non-lead generation product sales consist of direct and indirect material and labor costs for solar energy systems installations and product sales. Also included are engineering and design costs, estimated warranty costs, freight costs, allocated corporate overhead costs, vehicle depreciation costs and personnel costs associated with supply chain, logistics, operations management, safety and quality control. Cost of revenue for lead generations consists of costs related to direct-response advertising activities associated with generating customer leads.

Research and Development Expense

Research and development expenses include personnel costs, allocated overhead costs, and other costs related to the development of our proprietary technology.

Advertising Costs

Advertising costs are expensed as incurred in the consolidated statements of operations. The Company incurred advertising costs of \$18.6 million, \$30.2 million and \$34.8 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Stock-Based Compensation

The Company grants stock options and restricted stock units ("RSUs") for its equity incentive plan and employee stock purchase plan. Stock-based compensation to employees is measured based on the grant date fair value of the awards and recognized over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the award). The Company estimates the fair value of stock options and employee stock purchase plans awards granted using the Black-Scholes option-valuation model. Compensation cost is recognized over the vesting period of the applicable award using the straight-line method for those options expected to vest.

The Company also grants RSUs to non-employees that vest upon the satisfaction of both performance and service conditions. For RSUs granted to non-employees that vest upon the satisfaction of a performance condition, the Company starts recognizing expense on the RSUs when the performance condition is met.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests represent investors' interests in the net assets of the Funds that the Company has created to finance the cost of its solar energy systems subject to the Company's Customer Agreements. The Company has determined that the contractual provisions in the funding arrangements represent substantive profit sharing arrangements. The Company has further determined that the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach referred to as the hypothetical liquidation at book value ("HLBV") method.

Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests and redeemable noncontrolling interests in the consolidated statements of operations reflect changes in the amounts the investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements of these arrangements, assuming the net assets of these funding structures were liquidated at recorded amounts. The Company's initial calculation of the investor's noncontrolling interest in the results of operations of these funding arrangements is determined as the difference in the noncontrolling interests' claim under the HLBV method at the start and end of each reporting period, after taking into account any capital transactions, such as contributions or distributions, between the Fund and the investors.

The Company classifies certain noncontrolling interests with redemption features that are not solely within the control of the Company outside of permanent equity on its consolidated balance sheets. Redeemable noncontrolling interests are reported using the greater of their carrying value as determined by the HLBV method or their estimated redemption value at each reporting date.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements and tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided against deferred tax assets to the extent that it is more likely than not that the deferred tax asset will not be realized. The Company is subject to the provisions of ASC 740, *Income Taxes*, which establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more likely than not" to be

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sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized. Management has analyzed the Company's inventory of tax positions with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction).

The Company sells solar energy systems to the Funds. As the Funds are consolidated by the Company, the gain on the sale of the solar energy systems is not recognized in the consolidated financial statements. However, this gain is recognized for tax reporting purposes. Since these transactions are intercompany sales, prior to January 1, 2017, any tax expense incurred related to these intercompany sales is deferred and recorded as a prepaid tax asset and amortized over the depreciable life of the underlying solar energy systems which has been estimated to be 35 years in accordance with ASC Topic 810. With the adoption of ASU 2016-16 on January 1, 2017, we eliminated the prepaid tax asset and recorded the deferred tax effects of previous transactions. Beginning on January 1, 2017, we began recording the current tax effects of the gain on intercompany sales as well as the related deferred tax effects.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and local jurisdictions, where applicable. The statute of limitations for the tax returns varies by jurisdiction.

Concentrations of Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable, which includes rebates receivable. The associated risk of concentration for cash is mitigated by banking with institutions with high credit ratings. At certain times, amounts on deposit exceed Federal Deposit Insurance Corporation insurance limits. The Company does not require collateral or other security to support accounts receivable. To reduce credit risk, management performs periodic credit evaluations and ongoing evaluations of its customers' financial condition. Rebates receivable are due from various states and local governments as well as various utility companies. The Company considers the collectability risk of such amounts to be low. The Company is not dependent on any single customer. The Company's customers under Customer Agreements are primarily located in California, Arizona, New Jersey, Hawaii, New York and Massachusetts. The loss of a customer would not adversely impact the Company's operating results or financial position. The Company depends on a limited number of suppliers of solar panels and other system components. During the years ended December 31, 2017 and 2016, the solar materials purchases from the top five suppliers were approximately \$188.8 million and \$184.9 million, respectively.

Recently Issued and Adopted Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). The standard establishes a single revenue recognition model for all contracts with customers, eliminates industry specific requirements, and expands disclosure requirements. This ASU is effective for the Company for annual reporting periods beginning after December 15, 2017 including the interim reporting periods within that fiscal year. Adoption of this ASU is either retrospective to each prior period presented or retrospective with a cumulative adjustment to retained earnings or accumulated deficit as of the adoption date. The Company plans to adopt this ASU using the modified retrospective method with a cumulative adjustment to retained earnings as of January 1, 2018 unless it is unable to adopt ASC 842 based on the proposed amendments to the new leases guidance as discussed below.

In February 2016, the FASB issued ASU No. 2016-02 to replace existing lease guidance with ASC 842. ASC 842 changes how the definition of a lease is applied and judgment may be required in applying the definition of a lease to certain arrangements. The new standard will result in certain contracts no longer being leases. For lessees, the standard requires all leases with an initial term greater than one year be recorded on the balance sheet as an asset and a lease liability. This ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The FASB proposed amendments to the new leases guidance to allow entities to elect a simplified transition approach which allows adoption without adjusting the comparative periods presented. The Company's decision to early adopt is pending finalization of the proposed amendments.

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Upon the adoption of ASC 842, our Customer Agreements will be accounted for under Topic 606 due to changes in the definition of a lease under ASC 842.

Under Topic 606, total consideration for Customer Agreements, including price escalators and performance guarantees, will be estimated and recognized over the term of the Customer Agreement. Customer Agreements and SRECs with a prepaid element will be deemed to include a significant financing component, as defined under Topic 606, which will increase both revenue and interest expense. For lease pass-through funds which report ITC revenue, the ITC revenue will be recognized in full at PTO. SREC revenues will be estimated net of any variable consideration related to possible liquidated damages, and recognized upon delivery of SRECs to the counterparty. Therefore, for some revenue recognized in recent periods, or not yet recognized, the recognition timing will move to periods preceding the reported periods and be reflected in retained earnings upon adoption of Topic 606. The accounting is not expected to materially differ for revenue currently recognized as "Solar energy systems and product sales."

The Company is continuing to assess the specific dollar impact of such changes to periods prior to 2018.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation*. The new guidance requires all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also requires the Company to make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. The Company adopted the new ASU effective January 1, 2017. The Company elected to continue to estimate the number of awards that are expected to vest. Upon the adoption, deferred tax liabilities decreased by \$3.3 million, and retained earnings increased by \$3.3 million as of January 1, 2017.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which replaces the current incurred loss impairment methodology with a current expected credit losses model. The amendment applies to entities which hold financial assets and net investment in leases that are not accounted for at fair value through net income as well as loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. This ASU is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early adoption is permitted. Adoption of this ASU is applied using a modified retrospective approach, with certain aspects requiring a prospective approach. The Company is currently evaluating this guidance and the impact it may have on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, which requires entities to recognize income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. As a result, a reporting entity will recognize the tax expense from the sale of assets in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of the transaction are eliminated in the consolidated financial statements. Any deferred tax asset that arises in the buyer's jurisdiction will also be recognized at the time of the transfer. The Company adopted the standard effective January 1, 2017. As the Company sells solar energy systems to Funds, the Company will record the current tax effects of the gain on such sales as well as a deferred tax asset related to the Company's increased tax basis in the partnership as a result of such sales. As a result of the adoption, the Company reversed net prepaid tax assets of \$378.5 million, recognized gross deferred tax assets of \$378.2 million and recorded a cumulative adjustment decreasing retained earnings by \$0.3 million as of January 1, 2017.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, which requires a statement of cash flows to present the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. This ASU is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is permitted. Adoption of this ASU is applied using a retrospective approach. As a result, the Company will no longer present transfers between cash and restricted cash in the consolidated cash flow statements upon adoption in the first quarter of 2018.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805), Clarifying the Definition of a Business*, to clarify the definition of a business with the objective of adding guidance to assist entities with

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evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The amendments in this update provide a screen to determine when a set of operations is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. The Company early adopted the new ASU effective January 1, 2017 on a prospective basis.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*, which eliminates Step 2 from the goodwill impairment test. Instead, under this amendment, an entity shall perform its annual, or interim, goodwill impairment test by comparing the fair value of the reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The ASU is effective for annual or any interim goodwill impairment tests beginning in fiscal years after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has adopted the new ASU, and the adoption of this standard would only have an effect on the Company's consolidated financial statements if it failed Step 1 of the goodwill impairment test, which did not occur in 2017.

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation, Scope of Modification Accounting*, which requires entities to apply modification accounting guidance when there are changes in the terms or conditions of a share-based payment award unless all of the following conditions are met: (i) the fair value of the modified award is the same as the fair value of the original award immediately before modification, (ii) the vesting conditions of the modified award are the same as the original award immediately before modification, and (iii) the classification of the modified award is the same as the original award immediately before modification. The Company early adopted the new ASU effective April 1, 2017, on a prospective basis.

In August 2017, the FASB issued 2017-12, *Derivatives and Hedging, Targeted Improvements to Accounting for Hedging Activities*, which expands an entity's ability to hedge nonfinancial and financial risk components, eliminates the requirement to separately measure and report hedge ineffectiveness, and aligned the recognition and presentation of the effects of hedging instruments in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. Adoption of this ASU is applied using a modified retrospective approach. The Company is currently evaluating this guidance and the impact it may have on the Company's consolidated financial statements.

Note 3. Acquisition

Clean Energy Experts, LLC

In April 2015, the Company acquired Clean Energy Experts, LLC, a consumer demand and solar lead generation company, for \$25.0 million in cash and 1.9 million shares of common stock valued at \$19.1 million, net of settlement of a preexisting payable to CEE. Of this amount, \$15.0 million in cash was paid and 1.4 million shares were issued in April 2015. The remaining \$10.0 million in cash and 500,000 shares were paid and issued as follows: \$5.0 million was paid and 250,000 shares were issued in October 2015 and \$5.0 million was paid and 250,000 shares were issued in April 2016. An additional \$8.8 million in cash and 599,999 shares of common stock were issued on April 1, 2017 due to the achievement of certain sales targets as well as continued employment of certain key employees acquired in the transaction, which was recorded as compensation expense. The acquisition is expected to enhance the Company's efficient and consistent access to high-quality leads in existing and new markets.

The Company has included the results of operations of the acquired business in the consolidated statements of operations from the acquisition date. The assets acquired and liabilities assumed in the CEE acquisition have been recorded based on their fair value at the acquisition date. Goodwill represents the excess of the purchase price over the net tangible and intangible assets acquired and is not deductible for tax purposes. Goodwill recorded is primarily attributable to the acquired assembled workforce and the synergies expected to arise after the CEE acquisition. Transaction costs related to the acquisition were expensed as incurred.

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Notes to Consolidated Financial Statements — Continued

For the year ending December 31, 2015, the contribution of the acquired business to the Company's total revenues was \$16.9 million, as measured from the date of the acquisition. The portion of total expenses and net income associated with the acquired business was not separately identifiable due to the integration with the Company's operations.

Note 4. Fair Value Measurement

At December 31, 2017 and 2016, the carrying value of receivables, accounts payable, accrued expenses and distributions payable to noncontrolling interests approximates fair value due to their short-term nature. The carrying values and fair values of debt instruments are as follows (in thousands):

	December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Bank line of credit	\$ 247,000	\$ 247,000	\$ 244,000	\$ 244,000
Senior debt	808,455	807,698	442,420	441,657
Subordinated debt	111,488	111,095	42,985	42,986
Securitization debt	95,821	96,999	101,298	102,869
Note Payable	—	—	36,232	35,396
SREC Loans	32,181	32,183	31,088	31,088
Total	\$ 1,294,945	\$ 1,294,975	\$ 898,023	\$ 897,996

At December 31, 2017 and 2016, the fair value of the Company's lines of credit, and certain senior, subordinated, and SREC loans approximate their carrying values because their interest rates are variable rates that approximate rates currently available to the Company. At December 31, 2017 and 2016, the fair value of the Company's other debt instruments are based on rates currently offered for debt with similar maturities and terms. The Company's fair value of the debt instruments fell under the Level 3 hierarchy. These valuation approaches involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market.

The Company determines the fair value of its interest rate swaps using a discounted cash flow model which incorporates an assessment of the risk of non-performance by the interest rate swap counterparty and an evaluation of the Company's credit risk in valuing derivative instruments. The valuation model uses various inputs including contractual terms, interest rate curves, credit spreads and measures of volatility.

At December 31, 2017 and 2016, financial instruments measured at fair value on a recurring basis, based upon the fair value hierarchy are as follows (in thousands):

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative assets:				
Interest rate swaps	—	1,917	—	\$ 1,917
Total	\$ —	\$ 1,917	\$ —	\$ 1,917
Derivative liabilities:				
Interest rate swaps	—	8,568	—	\$ 8,568
Total	\$ —	\$ 8,568	\$ —	\$ 8,568

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Notes to Consolidated Financial Statements — Continued

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Derivative assets:				
Interest rate swaps	—	1,632	—	\$ 1,632
Total	\$ —	\$ 1,632	\$ —	\$ 1,632
Derivative liabilities:				
Warrants	—	—	20	\$ 20
Total	\$ —	\$ —	\$ 20	\$ 20

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

Note 5. Inventories

Inventories consist of the following (in thousands):

	December 31,	
	2017	2016
Raw materials	\$ 87,927	\$ 62,037
Work-in-process	6,500	5,289
Total	\$ 94,427	\$ 67,326

Note 6. Solar Energy Systems, net

Solar energy systems, net consists of the following (in thousands):

	December 31,	
	2017	2016
Solar energy system equipment costs	\$ 3,150,147	\$ 2,459,856
Inverters	319,309	260,011
Initial direct costs	152,549	117,587
Total solar energy systems	3,622,005	2,837,454
Less: accumulated depreciation and amortization	(421,350)	(303,305)
Add: construction-in-progress	119,053	95,217
Total solar energy systems, net	\$ 3,319,708	\$ 2,629,366

All solar energy systems, construction-in-progress and inverters are subject to signed Customer Agreements with customers. The Company recorded depreciation expense related to solar energy systems of \$120.4 million, \$93.4 million and \$70.7 million for the years ended December 31, 2017, 2016 and 2015, respectively. The depreciation expense was reduced by the amortization of deferred grants of \$7.7 million, \$13.1 million and \$14.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Note 7. Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

	December 31,	
	2017	2016
Machinery and equipment	\$ 4,126	\$ 3,491
Leasehold improvements, furniture, and computer hardware	13,709	13,407
Vehicles	43,413	44,788
Computer software	30,483	24,552
Total property and equipment	91,731	86,238
Less: Accumulated depreciation and amortization	(55,329)	(37,767)
Total property and equipment, net	\$ 36,402	\$ 48,471

Depreciation and amortization expense was \$19.5 million, \$18.8 million and \$11.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The gross amount of assets under capital leases, primarily vehicles, was \$44.8 million and \$46.2 million as of December 31, 2017 and 2016. Accumulated depreciation related to these assets was \$26.1 million and \$16.3 million as of December 31, 2017 and 2016, respectively. Depreciation expense related to these assets was \$10.9 million, \$10.8 million and \$4.9 million as of December 31, 2017, 2016 and 2015, respectively.

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Notes to Consolidated Financial Statements — Continued

Note 8. Goodwill and Intangible Assets, net

The goodwill and intangible assets were acquired as part of the acquisition of MEC and CEE acquisitions referred to in Note 1, *Organization*.

The Company performs its annual impairment test of goodwill on October 1 of each fiscal year or whenever events or circumstances change or occur that would indicate that goodwill might be impaired. The Company has determined that it has one reporting unit.

As of October 1, 2017, the Company performed step one of the impairment test. As of October 1, 2017, the Company concluded that the fair value of the Company exceeded its carrying value.

The Company also performed the step one test for potential impairment as of December 31, 2017. As of December 31, 2017, total stockholders' equity exceeded the Company's market capitalization. The estimated fair value of the Company was estimated using a combination of the market capitalization, a market approach and an income approach, giving 50% weighting to the market capitalization and 25% weighting to each other method. Under the market approach, the Company utilizes publicly traded comparable company information to determine revenue multiples that are used to value the Company. Under the income approach, the Company determines fair value based on estimated future cash flows of the Company discounted by an estimated weighted average cost of capital, reflecting the overall level of inherent risk of the Company and the rate of return a market participant would expect to earn. The forecast and related assumptions were derived from the most recent annual financial forecast for which the planning process commenced in the fourth quarter of 2017. Based on the fair value analysis as of December 31, 2017, the Company had an estimated fair value which exceeded its carrying value by approximately 4%. Therefore, no impairment of goodwill has been recorded for the year ended December 31, 2017.

Intangible assets, net as of December 31, 2017 consist of the following (in thousands, except weighted average remaining life):

	Cost	Accumulated amortization	Carrying value	Weighted average remaining life (in years)
Customer relationships	\$ 14,660	\$ (6,017)	\$ 8,643	5.5
Developed technology	6,820	(3,963)	2,857	2.2
Trade names	6,990	(4,196)	2,794	4.0
Total	<u>\$ 28,470</u>	<u>\$ (14,176)</u>	<u>\$ 14,294</u>	

Intangible assets, net as of December 31, 2016 consist of the following (in thousands, except weighted average remaining life):

	Cost	Accumulated amortization	Carrying value	Weighted average remaining life (in years)
Customer relationships	\$ 14,660	\$ (4,317)	\$ 10,343	6.4
Developed technology	6,820	(2,600)	4,220	3.1
Trade names	6,990	(3,054)	3,936	4.6
Total	<u>\$ 28,470</u>	<u>\$ (9,971)</u>	<u>\$ 18,499</u>	

The Company recorded amortization of intangible assets expense of \$4.2 million, \$4.2 million and \$3.7 million for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, expected amortization of intangible assets for each of the five succeeding fiscal years and thereafter is as follows (in thousands):

2018	\$	4,205
2019		3,335
2020		2,143
2021		1,750
2022		1,743
Thereafter		1,118
Total	\$	<u>14,294</u>

Note 9. Prepaid Expense and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	December 31,	
	2017	2016
Prepaid expenses	\$ 8,854	\$ 6,285
Reimbursement receivable	—	3,160
State tax receivable	348	347
Other current assets	—	10
Total	<u>\$ 9,202</u>	<u>\$ 9,802</u>

Note 10. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

	December 31,	
	2017	2016
Accrued employee compensation	\$ 28,698	\$ 22,758
CEE compensation expense	—	7,948
Accrued professional fees	5,837	4,073
Accrued taxes	2,872	2,699
Other accrued expenses	48,232	21,783
Total	<u>\$ 85,639</u>	<u>\$ 59,261</u>

Note 11. Cash Equity Financing

In December 2016, the Company pooled and transferred its interests in certain financing funds into a special purpose entity ("SPE") with a new investor. The Company has determined that the SPE is a variable interest entity and that the Company is the primary beneficiary of the SPE by reference to the power and benefits criterion under ASC 810, *Consolidation*. Accordingly, the Company consolidates the SPE in its consolidated financial statements and accounts for the investor's equity interest in the SPE as a noncontrolling interest (see Note 15, *VIE Arrangements*). The Company did not recognize a gain or loss on the transfer of its interests in the financing funds and continues to consolidate the financing funds. The SPE's assets and cash flows are not available to the other creditors of the Company, and the investor has no recourse to the Company's other assets.

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Note 12. Indebtedness

As of December 31, 2017, debt consisted of the following (in thousands, except percentages):

	Carrying Values, net of debt discount			Unused Borrowing Capacity	Interest Rate ⁽¹⁾	Maturity Date
	Current	Long Term	Total			
Recourse debt:						
Bank line of credit	\$ —	\$ 247,000	\$ 247,000	\$ 406	4.58% - 4.87%	April 2018 ⁽²⁾
Total recourse debt	\$ —	\$ 247,000	\$ 247,000	\$ 406		
Non-recourse debt:						
Senior	3,561	804,894	808,455	12,758	3.63% - 4.69%	September 2020 - October 2024
Subordinated	4,301	107,187	111,488	27	6.36% - 7.13%	September 2020 - October 2024
Securitization Class A	3,534	82,203	85,737	—	4.40%	July 2024
Securitization Class B	440	9,644	10,084	—	5.38%	July 2024
SREC Loans	9,693	22,488	32,181	—	7.28%	July 2021
Total non-recourse debt	21,529	1,026,416	1,047,945	12,785		
Total debt	\$ 21,529	\$ 1,273,416	\$ 1,294,945	\$ 13,191		

As of December 31, 2016, debt consisted of the following (in thousands, except percentages):

	Carrying Values, net of debt discount			Unused Borrowing Capacity	Interest Rate ⁽¹⁾	Maturity Date
	Current	Long Term	Total			
Recourse debt:						
Bank line of credit	\$ —	\$ 244,000	\$ 244,000	\$ 3,406	3.96% - 5.75%	April 2018
Total recourse debt	\$ —	\$ 244,000	\$ 244,000	\$ 3,406		
Non-recourse debt:						
Senior	3,020	439,400	442,420	14,300	2.86% - 4.50%	December 2020 - September 2022
Subordinated	116	42,869	42,985	—	6.00%	December 2020 - December 2021
Note Payable	—	36,232	36,232	—	12.00%	December 2018
Securitization Class A	3,315	87,483	90,798	—	4.40%	July 2024
Securitization Class B	416	10,084	10,500	—	5.38%	July 2024
SREC Loans	7,286	23,802	31,088	1,032	6.88%	July 2021
Total non-recourse debt	14,153	639,870	654,023	15,332		
Total debt	\$ 14,153	\$ 883,870	\$ 898,023	\$ 18,738		

(1) Reflects contractual, unhedged rates. See Note 13, *Derivatives* for hedge rates.

(1) In February 2018, the maturity date of the Company's corporate bank line of credit was extended to April 2020 from its current maturity date of April 2018.

Bank Line of Credit

The Company has outstanding borrowings under a syndicated working capital facility with banks for a total commitment of up to \$250.0 million. The working capital facility is secured by substantially all of the unencumbered assets of the Company, as well as ownership interests in certain subsidiaries of the Company. Loans under the facility bear interest at LIBOR +3.25% per annum or the Base Rate + 2.25% per annum. The Base Rate is the highest of the Federal Funds Rate +0.50%, the Prime Rate, or LIBOR + 1.00%.

Under the terms of the working capital facility, the Company is required to meet various restrictive covenants, such as the completion and presentation of audited consolidated financial statements, maintaining a minimum unencumbered liquidity of at least \$25.0 million in the aggregate as of the last day of each calendar month and maintaining a modified interest coverage ratio of 2.00 or greater, measured quarterly as of the last day of each

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quarter. The Company was in compliance with all debt covenants as of December 31, 2017. As of December 31, 2017, the balance under this facility was \$247.0 million with a maturity date in April 2018.

In February 2018, the Company and the lenders executed Amendment No. 5 (the "Amendment") to the Company's \$250.0 million syndicated working capital facility dated as of April 1, 2015, as amended from time to time ("Credit Facility"). The Amendment extends the maturity date of the Credit Facility to April 1, 2020 from its current maturity date of April 1, 2018. Other terms of the Credit Facility remain substantially the same, except the Amendment (i) increases the minimum interest coverage ratio from 2.0:1.0 to 3.0:1.0 and (ii) requires the Company to maintain an unencumbered cash balance of \$30.0 million at the end of each calendar quarter starting on March 31, 2018.

Syndicated Credit Facilities

Each of the Company's syndicated credit facilities contain customary covenants including the requirement to maintain certain financial measurements and provide lender reporting. Each of the syndicated credit facilities also contain certain provisions in the event of default which entitle lenders to take certain actions including acceleration of amounts due under the facilities and acquisition of membership interests and assets that are pledged to the lenders under the terms of the credit facilities. The facilities are non-recourse to the Company and are secured by net cash flows from Customer Agreements less certain operating, maintenance and other expenses which are available to the borrower after distributions to tax equity investors. The Company was in compliance with all debt covenants as of December 31, 2017.

As of December 31, 2017, certain subsidiaries of the Company have an outstanding balance of \$280.8 million on secured credit facilities that were syndicated with various lenders due in October 2024. The credit facilities totaled \$303.0 million and consisted of \$293.0 million in term loans, and a \$10.0 million revolving debt service reserve letter of credit facility. Term Loan A ("TLA") is a senior delayed draw term loan that bears interest at LIBOR +2.75% per annum for LIBOR loans or the Base Rate +1.75% per annum on Base Rate loans. Term Loan B ("TLB") is subordinated debt and consists of a Class A portion which accrues interest at a fixed interest rate of 7.03% per annum and a Class B portion which accrues interest at LIBOR + 5.00% per annum or the Base Rate + 4.00% per annum. The Base Rate is the highest of the Federal Funds Rate +0.50%, the Prime Rate, or LIBOR + 1.00%. Under TLA, prepayments are permitted with no penalties. Under TLB, prepayments are permitted with associated penalties ranging from 0% - 5% depending on the timing of prepayments.

As of December 31, 2017, certain subsidiaries of the Company have an outstanding balance of \$157.0 million on senior secured credit facilities that were syndicated with various lenders due in April 2024. These facilities are subject to the National Grid cash equity transaction. The credit facilities totaled \$202.0 million and consisted of a \$195.0 million senior delayed draw term loan facility and a \$7.0 million revolving debt service reserve letter of credit facility. Loans under the facility bear interest at LIBOR +2.75% per annum for the initial four-year period for LIBOR loans or the Base Rate + 1.75% per annum for Base Rate Loans. The Base Rate is the highest of the Federal Funds Rate +0.50%, the Prime Rate, or LIBOR + 1.00%. The facilities are non-recourse to the Company and are secured by net cash flows from Customer Agreements and SRECs, less certain operating, maintenance and other expenses which are available to the borrower after distributions to tax equity investors. Prepayments are permitted under the delayed draw term loan facility.

As of December 31, 2017, certain subsidiaries of the Company have an outstanding balance of \$150.7 million on secured credit facilities agreements, as amended, with a syndicate of banks due in December 2020. The facilities totaled \$340.0 million and consisted of a revolving aggregation facility ("Aggregation Facility"), a term loan ("Term Loan") and a revolving debt service reserve letter of credit facility. Senior loans under the Aggregation Facility bear interest at LIBOR +2.50% per annum for the initial three-year revolving availability period, stepping up to LIBOR + 2.75% per annum in the following two-year period. The subordinated Term Loan bears interest at LIBOR +5.00% per annum for the first three-year period, stepping up to LIBOR + 6.50% per annum thereafter. Term Loan prepayment penalties range from 0% - 1% depending on the timing of prepayments.

As of December 31, 2017, certain subsidiaries of the Company have an outstanding balance of \$163.7 million on secured credit facilities agreements with a syndicate of banks due in December 2021. The facilities totaled \$195.4 million and consisted of a senior term loan ("Term Loan A"), a working capital revolver commitment and a revolving debt service reserve letter of credit facility which draws are solely for the purpose of satisfying the

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Notes to Consolidated Financial Statements — Continued

required debt service reserve amount if necessary. Loans under Term Loan A bear interest at LIBOR + 2.75% per annum, stepping up to LIBOR + 3.00% per annum on the fourth anniversary. The facilities also include a subordinated term loan ("Term Loan B") which bears interest at LIBOR +5.00% per annum. Prepayments are permitted under Term Loan A and Term Loan B at par without premium or penalty.

Senior Debt

As of December 31, 2017, a subsidiary of the Company has an outstanding balance of \$111.4 million on a revolving loan facility due in September 2020. The facility is secured by the assets and related net cash flow of this subsidiary and is non-recourse to the Company's other assets. Loans under the facility bear interest at LIBOR +2.75% per annum for the senior secured loan, and LIBOR + 5.50% per annum for the subordinated loan. The Company was in compliance with all debt covenants as of December 31, 2017.

As of December 31, 2017, a subsidiary of the Company has an outstanding balance of \$24.5 million on a term loan due in April 2022. The loan is secured by the assets and related net cash flow of this subsidiary and is non-recourse to the Company's other assets. The Company was in compliance with all debt covenants as of December 31, 2017.

As of December 31, 2017, a subsidiary of the Company has an outstanding balance of \$12.3 million on a non-recourse loan due in September 2022. The loan is secured by substantially all of the assets of the subsidiary including this subsidiary's membership interests and assets in its investment funds. The loan contains certain provisions in the event of default which entitles the lender to take certain actions including acceleration of amounts due under the loan. Loans under this facility bear interest at LIBOR +3.00% per annum. The Company was in compliance with all debt covenants as of December 31, 2017.

As of December 31, 2017, a subsidiary of the Company has an outstanding balance of \$19.7 million on a secured, non-recourse loan agreement due in September 2022. The loan will be repaid through cash flows from a lease pass-through arrangement previously entered into by the Company. The loan agreement contains customary covenants including the requirement to maintain certain financial measurements and provide lender reporting. The loan also contains certain provisions in the event of default which entitles the lender to take certain actions including acceleration of amounts due under the loan. Loans under this facility bear interest at LIBOR +2.25% per annum. The Company was in compliance with all debt covenants as of December 31, 2017.

Securitization Loans

As of December 31, 2017, a subsidiary of the Company has an outstanding balance of \$95.8 million on solar asset-backed notes ("Notes") secured by associated customer contracts ("Solar Assets") held by a special purpose entity ("Issuer"). As of December 31, 2017 and December 31, 2016, these Solar Assets had a carrying value of \$172.8 million and \$181.8 million, respectively, and are included under solar energy systems, net, in the consolidated balance sheets. The Notes were issued at a discount of 0.08%. The Company was in compliance with all debt covenants as of December 31, 2017.

In connection with the transaction, the Company modified two lease pass-through arrangements with an investor. The modified lease-pass through arrangements require the majority of the cash flows generated by the Solar Assets to be passed on to the Issuer through monthly lease payments from the Fund investor. Those cash flows are used to service the monthly principal of the Notes and interest payments and satisfy the Issuer's expenses, and any residual cash flows are retained by the Fund investor and recorded as a reduction in the remaining financing obligation. The Company recognizes revenue earned from the associated Customer Agreements in accordance with the Company's revenue recognition policy. The assets and cash flows generated by the Solar Assets are not available to the other creditors of the Company, and the creditors of the Issuer, including the Note holders, have no recourse to the Company's other assets. The Company was in compliance with all debt covenants as of December 31, 2017.

SREC Loans

As of December 31, 2017, a subsidiary of the Company has an outstanding balance of \$32.2 million on a secured credit agreement with a weighted average interest rate of 7.28% and 6.88% as of December 31, 2017 and 2016, respectively. The facility is non-recourse to the Company and is secured by substantially all of the assets of

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Notes to Consolidated Financial Statements — Continued

such subsidiary, including its rights in and the net cash flows from the generation of contracted and uncontracted SRECs by certain subsidiaries of the Company. Loans under the facility bear interest at LIBOR +5.50% per annum for contracted SRECs and LIBOR +9.00% per annum for uncontracted SRECs. The facility contains customary covenants including the requirement to provide lender reporting. The Company guarantees the delivery of SRECs on the subsidiary's underlying contracts in the event of a delivery shortfall pursuant to the SREC contracts with counterparties. The Company does not guarantee payments of principal or interest on the loan. The credit facility also contains certain provisions in the event of default which entitles the lender to take certain actions including acceleration of amounts due under the facilities. The Company was in compliance with all debt covenants as of December 31, 2017.

Notes Payable

In December 2017, the Company paid off the notes for \$40.9 million which included payment for accrued interest, PIK, and a prepayment penalty. The Company recognized \$0.6 million loss on the early debt extinguishment related to the prepayment premiums and write off of unamortized debt issuance costs.

The scheduled maturities of debt, excluding debt discount, as of December 31, 2017 are as follows (in thousands):

2018	\$	24,476
2019		36,585
2020		394,850
2021		313,852
2022		59,379
Thereafter		486,586
Subtotal		1,315,728
Less: Debt discount		(20,783)
Total	\$	1,294,945

Note 13. Derivatives

Interest Rate Swaps

The Company uses interest rate swaps to hedge variable interest payments due on certain of its term loans and aggregation facility. These swaps allow the Company to incur fixed interest rates on these loans and receive payments based on variable interest rates with the swap counterparty based on the one or three month LIBOR on the notional amounts over the life of the swaps.

The interest rate swaps have been designated as cash flow hedges. The credit risk adjustment associated with these swaps is the risk of non-performance by the counterparties to the contracts. In the twelve months ended December 31, 2017, the hedge relationships on the Company's interest rate swaps have been assessed as highly effective as the critical terms of the interest rate swaps match the critical terms of the underlying forecasted hedged transactions. Accordingly, changes in the fair value of these derivatives are recorded as a component of accumulated other comprehensive income, net of income taxes. Changes in the fair value of these derivatives are subsequently reclassified into earnings, and are included in interest expense, net in the Company's statements of operations, in the period that the hedged forecasted transactions affects earnings.

The Company recorded an unrealized loss of \$5.7 million and an unrealized gain of \$0.3 million for the years ended December 31, 2017 and 2016, respectively, net of applicable tax benefit of \$3.6 million and \$0.2 million, respectively. The Company recognized interest expense on derivatives into earnings of \$1.1 million and \$1.0 million for the years ended December 31, 2017 and 2016, respectively, net of tax expense of \$0.7 million and \$0.6 million, respectively. During the next twelve months, the Company estimates that an additional \$2.0 million will be reclassified as an increase to interest expense.

At December 31, 2017, the Company had designated derivative instruments classified as derivative assets as reported in other assets of \$1.9 million and derivative liabilities as reported in other liabilities of \$8.6 million in the

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Notes to Consolidated Financial Statements — Continued

Company's balance sheet. At December 31, 2017 the Company had the following derivative instruments (in thousands, other than quantity and interest rates):

Type	Quantity	Effective Dates	Maturity Dates	Hedge Interest Rates	Notional Amount	Adjusted Fair Market Value
Interest rate swaps	2	4/29/2016 - 12/30/2016	8/31/2022 - 9/30/2022	1.27%- 2.37%	\$ 27,954	\$ 333
Interest rate swaps	10	7/31/2017 - 1/31/2019	4/30/2024 - 10/31/2024	2.16%- 2.69%	\$ 311,825	\$ (1,368)
Interest rate swaps	4	4/30/2015	10/31/2028	2.17%-2.18%	\$ 124,776	\$ 1,184
Interest rate swap	1	9/20/2020	6/20/2030	2.57%	\$ 67,013	\$ (534)
Interest rate swap	1	9/30/2022	9/30/2031	3.23%	\$ 9,905	\$ (276)
Interest rate swap	1	9/20/2020	4/20/2032	2.60%	\$ 33,409	\$ (346)
Interest rate swaps	5	1/31/2019 - 10/31/2024	7/31/2034	2.48% - 3.04%	\$ 144,379	\$ (1,465)
Interest rate swaps	5	7/31/2017 - 4/30/2024	7/31/2035	2.56% - 2.95%	\$ 143,490	\$ (1,848)
Interest rate swaps	5	1/31/2018 - 10/18/2024	10/31/2036	2.62% - 2.95%	\$ 182,267	\$ (2,331)

Warrants

In July 2015, the Company entered into a letter of intent to issue warrants to purchase up to 1,250,764 shares of the Company's common stock to the former Series D and E preferred stockholders as an inducement to convert their shares of convertible preferred stock into shares of common stock immediately prior to the closing of the Company's initial public offering and waive any potential anti-dilution adjustments resulting from the issuance of shares of the Company's common stock in the Company's initial public offering. The warrants were issued on September 30, 2015. The warrants are exercisable for three years from the date of grant and have an exercise price of \$22.50 per share. The warrant derivatives are recorded at fair value as derivative liabilities as reported in other liabilities in the Company's consolidated balance sheet. The fair market value of the warrants on the commitment date was \$1.5 million. The warrants are remeasured at each reporting period with the changes in the fair value presented in other expenses (income), net in the Company's statement of operations. At December 31, 2017 and 2016, the fair market value of the warrants was de minimis.

Note 14. Lease Pass-Through Financing Obligations

The Company has five ongoing transactions referred to as "lease pass-through arrangements." Under lease pass-through arrangements, the Company leases solar energy systems to Fund investors under a master lease agreement, and these investors in turn are assigned the leases with customers. The Company receives all of the value attributable to the accelerated tax depreciation and some or all of the value attributable to the other incentives. The Company assigns to the Fund investors the value attributable to the investment tax credit ("ITC") and, for the duration of the master lease term, the long-term recurring customer payments. Given the assignment of the operating cash flows, these arrangements are accounted for as financing obligations. In addition, in one of the lease pass-through structures, the Company sold, as well as leased, solar energy systems to a Fund investor under a master purchase agreement. As the substantial risks and rewards in the underlying solar energy systems were retained by the Company, this arrangement was also accounted for as a financing obligation.

Under these lease pass-through arrangements, wholly owned subsidiaries of the Company finance the cost of solar energy systems with investors for an initial term of 20 – 25 years. The solar energy systems are subject to Customer Agreements with an initial term not exceeding 20 years. These solar energy systems are reported under the line item solar energy systems, net in the consolidated balance sheets. As of December 31, 2017 and 2016, the cost of the solar energy systems placed in service under the lease pass-through arrangements was \$491.9 million and \$494.9 million, respectively. The accumulated depreciation related to these assets as of December 31, 2017 and 2016 was \$68.5 million and \$50.8 million, respectively.

The investors make a series of large up-front payments and in certain cases subsequent smaller quarterly payments (lease payments) to the subsidiaries of the Company. The Company accounts for the payments received from the investors under the arrangements as borrowings by recording the proceeds received as lease pass-through financing obligations. These financing obligations are reduced over a period of approximately 20 years by customer payments under the Customer Agreements, U.S. Treasury grants (where applicable), incentive rebates

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(where applicable), the fair value of the ITCs monetized (where applicable) and proceeds from the contracted resale of SRECs as they are received by the investor. Under this approach, the Company continues to account for the arrangement with the customers in its consolidated financial statements as if it is the lessor in the arrangement with the customer and accounts for the customer lease and any related U.S. Treasury grants or incentive rebates as well as the resale of SRECs consistent with the Company's revenue recognition accounting policies and the monetization of investment tax credits as described in Note 2, *Summary of Significant Accounting Policies*.

Interest is calculated on the lease pass-through financing obligations using the effective interest rate method. The effective interest rate, which is adjusted on a prospective basis, is the interest rate that equates the present value of the estimated cash amounts, including ITCs, to be received by the investor over the lease term with the present value of the cash amounts paid by the investor to the Company, adjusted for amounts received by the investor. The lease pass-through financing obligations are nonrecourse once the associated assets have been placed in service and all the contractual arrangements have been assigned to the investor.

Under four of the lease pass-through arrangements, the investor has a right to extend its right to receive cash flows from the customers beyond the initial term in certain circumstances. The Company has the option to settle the outstanding financing obligation on the ninth anniversary for two of the lease pass-through obligations and on the eleventh anniversary for two of the lease pass-through financing obligations at a price equal to the higher of (a) the fair value of future remaining cash flows or (b) the amount that would result in the investor earning their targeted return. In three of these lease pass-through arrangements, the investor has an option to require repayment of the entire outstanding balance of the financing obligation on the tenth anniversary at a price equal to the fair value of the future remaining cash flows. In the fourth lease pass through arrangement, the investor has an option to require repayment of the entire outstanding balance of the financing obligation three business days prior to the 7th anniversary in certain circumstances and on the 10th anniversary at a price equal to the fair value of the future remaining cash flows.

In the fifth lease pass-through arrangement, the investor has a right, on June 30, 2019, to purchase all of the systems leased at a price equal to the higher of (a) the sum of the present value of the expected remaining lease payments due by the investor, discounted at 5%, and the fair market value of the Company's residual interest in the systems as determined through independent valuation or (b) a set value per kilowatt applied to the aggregate size of all leased systems.

Under all lease pass-through arrangements, the Company is responsible for services such as warranty support, accounting, lease servicing and performance reporting to the host customers. As part of the warranty and performance guarantee with the host customers, the Company guarantees certain specified minimum annual solar energy production output for the solar energy systems leased to the customers, which the Company accounts for as disclosed in Note 2, *Summary of Significant Accounting Policies*.

As discussed in Note 12, *Indebtedness*, in connection with the pooling of assets related to the securitization transaction entered into in 2015, an aggregate amount of \$88.9 million of the lease pass-through financing obligation was repaid.

In 2015, the Company entered into a lease pass-through arrangement and in connection with this arrangement, the Company agreed to defer a portion (up to 25%) of the amounts required to be paid upfront under the arrangement through a loan between an indirect wholly owned subsidiary of the Company and a subsidiary of the Fund investor. The loan is collateralized by the related cash flows assigned to the Fund investor. There is a legal right to offset the loan if an event of default has occurred. Therefore, the lease pass-through financing obligation related to this arrangement is recorded net of the loan. As of December 31, 2017 and 2016 the loan amount was \$20.5 million and \$23.2 million, respectively.

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Notes to Consolidated Financial Statements — Continued

At December 31, 2017, future minimum lease payments expected to be made by the investor under the lease pass-through fund arrangement for each of the next five years and thereafter are as follows (in thousands):

2018	\$	522
2019		522
2020		522
2021		522
2022		522
Thereafter		2,458
Total	\$	5,068

Note 15. VIE Arrangements

The Company consolidated various VIEs at December 31, 2017 and 2016. The carrying amounts and classification of the VIEs' assets and liabilities included in the consolidated balance sheets are as follows (in thousands):

	December 31,	
	2017	2016
Assets		
Current assets		
Cash	\$ 118,352	\$ 120,728
Restricted cash	2,699	1,680
Accounts receivable, net	30,200	20,771
Prepaid expenses and other current assets	917	242
Total current assets	152,168	143,421
Solar energy systems, net	2,385,329	1,920,330
Other assets	3,679	1,481
Total assets	\$ 2,541,176	\$ 2,065,232
Liabilities		
Current liabilities		
Accounts payable	\$ 15,929	\$ 14,873
Distributions payable to noncontrolling interests and redeemable noncontrolling interests	13,526	10,654
Accrued expenses and other liabilities	3,048	782
Deferred revenue, current portion	28,240	25,827
Deferred grants, current portion	1,021	3,644
Non-recourse debt, current portion	11,178	8,616
Total current liabilities	72,942	64,396
Deferred revenue, net of current portion	380,283	396,858
Deferred grants, net of current portion	29,385	105,390
Non-recourse debt, net of current portion	190,106	50,367
Other liabilities	1,848	—
Total liabilities	\$ 674,564	\$ 617,011

The Company holds a variable interest in an entity that provides the noncontrolling interest with a right to terminate the leasehold interests in all of the leased projects on the tenth anniversary of the effective date of the master lease. In this circumstance, the Company would be required to pay the noncontrolling interest an amount equal to the fair market value, as defined in the governing agreement of all leased projects as of that date.

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Notes to Consolidated Financial Statements — Continued

The Company holds certain variable interests in nonconsolidated VIEs established as a result of five lease pass-through Fund arrangements as further explained in Note 14, *Lease Pass-Through Financing Obligations*. The Company does not have material exposure to losses as a result of its involvement with the VIEs in excess of the amount of the financing liability recorded in the Company's consolidated financial statements. The Company is not considered the primary beneficiary of the VIEs.

In December 2017, the Company acquired investors' interests in certain consolidated VIEs for a total cash consideration of \$35.4 million. In one of these entities, the Company was contractually required to make payments to the investor so that the investor achieved a specified minimum internal rate of return upon occurrence of certain events. Upon purchase of the investors' stakes in these entities, all obligations were satisfied. Additionally, in December 2017, the Company entered into an agreement to acquire an investor's interest in another consolidated VIE, which resulted in the Company derecognizing the noncontrolling interest, and recording the agreed upon purchase price as a liability in Accrued expenses and other liabilities on the consolidated balance sheet. These transactions decreased the Company's additional paid-in-capital, net of the related tax impact, by \$7.1 million.

Note 16. Redeemable Noncontrolling Interests

During certain specified periods of time (the "Early Exit Periods"), noncontrolling interests in certain funding arrangements have the right to put all of their membership interests to the Company (the "Put Provisions"). During a specific period of time (the "Call Periods"), the Company has the right to call all membership units of the related redeemable noncontrolling interests.

The carrying value of redeemable noncontrolling interests was greater than the redemption value except for six and four Funds at December 31, 2017 and 2016, respectively, where the carrying value has been adjusted to the redemption value.

Note 17. Stockholders' Equity

On August 10, 2015, the Company closed its initial public offering in which 17,900,000 shares of common stock were sold at a public offering price of \$14.00 per share, resulting in net proceeds of approximately \$220.9 million, after deducting underwriting discounts and commissions and \$7.9 million in offering expenses paid by the Company, and excluding the proceeds received by the selling stockholders who sold an aggregate of 417,732 shares of the total 17,900,000 shares sold in the initial public offering.

Convertible Preferred Stock

Immediately prior to closing of the Company's initial public offering, all 54,840,767 shares of the Company's outstanding preferred stock were automatically converted into shares of the Company's common stock. In addition, the Company issued 1,667,683 shares of common stock and executed a letter of intent to issue 1,250,764 warrants subject to contingencies being met to purchase the Company's common stock to the former Series D and E preferred stockholders as an inducement to convert their shares of convertible preferred stock into shares of common stock immediately prior to the closing of the Company's initial public offering and to waive any potential anti-dilution adjustments resulting from the issuance of shares in the Company's common stock in the Company's initial public offering. The additional shares and warrants resulted in a beneficial conversion feature as a result of the inducement for Series D and E preferred stock and the Company recognized a \$24.9 million deemed dividend to Series D and E preferred stockholders at the conversion date. This non-cash charge impacts net loss attributable to our common stockholders and basic and diluted net loss per share applicable to common stockholders. The warrants were issued on September 30, 2015 and are considered freestanding derivatives as disclosed in Note 13, *Derivatives*.

The Company did not have any convertible preferred stock issued and outstanding as of December 31, 2017 and 2016.

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The Company has not declared or paid any dividends in 2017, 2016 or 2015 other than the \$24.9 million deemed dividend to Series D and E preferred stockholders in August 2015.

Common Stock

The Company has reserved sufficient shares of common stock for issuance upon the exercise of stock options and the exercise of warrants. Common stockholders are entitled to dividends if and when declared by the board of directors, subject to the prior rights of the preferred stockholders. As of December 31, 2017, no common stock dividends had been declared by the board of directors.

The Company has reserved shares of common stock for issuance as follows (in thousands):

	December 31,	
	2017	2016
Stock plans		
Shares available for grant		
2015 Equity Incentive Plan	8,857	11,081
2015 Employee Stock Purchase Plan	3,970	2,511
Options outstanding	16,268	12,897
Restricted stock units outstanding	5,330	4,106
Total	34,425	30,595

Note 18. Stock-Based Compensation

MEC 2009 Stock Plan

In connection with the MEC acquisition in February 2014, the Company assumed nonstatutory stock options granted under the Mainstream Energy Corporation 2009 Stock Plan (the "MEC Plan") held by MEC employees who continued employment with the Company after the closing and converted them into options to purchase shares of the Company's common stock. The MEC Plan was terminated on the closing of the acquisition but the outstanding awards under the MEC Plan that the Company assumed in the acquisition will continue to be governed by their existing terms. As of December 31, 2017, options to purchase 516,386 shares of the Company's common stock remained outstanding under the MEC Plan.

2013 Equity Incentive Plan

In July 2013, the Board of Directors approved the 2013 Plan. In March 2015, the Board of Directors authorized an additional 3,000,000 shares reserved for issuance under the 2013 Plan. An aggregate of 4,500,000 shares of common stock are reserved for issuance under the 2013 Plan plus (i) any shares that were reserved but not issued under the plan that was previously in place, and (ii) any shares subject to stock options or similar awards granted under the plan that was previously in place that expire or otherwise terminate without having been exercised in full and shares issued that are forfeited to or repurchased by the Company, with the maximum number of shares to be added to the 2013 Plan pursuant to clauses (i) and (ii) equal to 8,044,829 shares. Stock options granted to employees generally have a maximum term of ten-years and vest over a four-year period from the date of grant; 25% vest at the end of one year, and 75% vest monthly over the remaining three years. The options may include provisions permitting exercise of the option prior to full vesting. Any unvested shares shall be subject to repurchase by the Company at the original exercise price of the option in the event of a termination of an optionee's employment prior to vesting. All the remaining shares that were available for future grants under the 2013 Plan were transferred to the 2015 Equity Incentive Plan ("2015 Plan") at the inception of the 2015 Plan. As of December 31, 2017, the Company had not granted restricted stock or other equity awards (other than options) under the 2013 Plan.

2014 Equity Incentive Plan

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In August 2014, the Board approved the 2014 Equity Incentive Plan (“2014 Plan”). An aggregate of 947,342 shares of common stock are reserved for issuance under the 2014 Plan. The 2014 Plan was adopted to accommodate a broader transaction with a sales entity and to allow for similar transactions in the future. In July 2015, the Board approved an increase in the number of shares of common stock reserved to 1,197,342. As of July 2015, the Company granted all 1,197,342 restricted stock units (“RSUs”) available under the 2014 Plan.

2015 Equity Incentive Plan

In July 2015, the Board approved the 2015 Plan. An aggregate of 11,400,000 shares of common stock are reserved for issuance under the 2015 Plan plus (i) any shares that were reserved but not issued under the 2013 Plan at the inception of the 2015 Plan, and (ii) any shares subject to stock options or similar awards granted under the 2008 Plan, 2013 Plan and 2014 Plan that expire or otherwise terminate without having been exercised in full and shares issued that are forfeited to or repurchased by the Company, with the maximum number of shares to be added to the 2015 Plan pursuant to clauses (i) and (ii) equal to 15,439,334 shares. The 2015 Plan provides for annual automatic increases on January 1 to the shares reserved for issuance. The automatic increase of the number of shares available for issuance under the 2015 Plan is equal to the least of 10 million shares, 4% of the outstanding shares of common stock as of the last day of our immediately preceding fiscal year or such other amount as the Board of Directors may determine. In 2017 and 2016, the Board of Directors authorized an additional 4,172,883 and 4,051,282 shares reserved for issuance under the 2015 Plan, respectively. Stock options granted to employees generally have a maximum term of ten-years and vest over a four-year period from the date of grant; 25% vest at the end of one year, and 75% vest monthly over the remaining three years. The options may include provisions permitting exercise of the option prior to full vesting. Any unvested shares shall be subject to repurchase by the Company at the original exercise price of the option in the event of a termination of an optionee’s employment prior to vesting. RSUs granted to employees generally vest over a four-year period from the date of grant; 25% vest at the end of one year, and 75% vest quarterly over the remaining three years.

Stock Options

The following table summarizes the activity for all stock options under all of the Company’s equity incentive plans for the years ended December 31, 2017 and 2016 (shares and aggregate intrinsic value in thousands):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2015	12,795	\$ 5.89	7.82	\$ 75,797
Granted	3,674	5.73		
Exercised	(1,852)	2.94		
Cancelled	(1,720)	8.37		
Outstanding at December 31, 2016	12,897	5.94	7.49	\$ 9,625
Granted	5,266	5.17		
Exercised	(687)	2.96		
Cancelled	(1,208)	7.62		
Outstanding at December 31, 2017	16,268	\$ 5.70	7.41	\$ 14,832
Options vested and exercisable at December 31, 2017	8,169	\$ 5.56	6.05	\$ 9,987
Options vested and expected to vest at December 31, 2017	14,833	\$ 5.68	7.02	\$ 13,971

As of December 31, 2017, 80,000 outstanding stock options had a performance feature that is required to be satisfied before the option is vested and exercisable. There were 276,660 unvested exercisable shares as of the years ended December 31, 2017 and 2016, which are subject to a repurchase option held by the Company at the original exercise price. These exercisable but unvested shares have a weighted average remaining vesting period of 1.2 years. There was no exercise of unvested options in the year ended December 31, 2017 and 2016.

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The weighted-average grant-date fair value of stock options granted during the year ended December 31, 2017, 2016 and 2015 were \$2.57, \$2.26 and \$4.56 per share, respectively. The total intrinsic value of the options exercised during the year ended December 31, 2017, 2016 and 2015 was \$2.3 million, \$6.3 million and \$8.1 million, respectively. The aggregate intrinsic value is the difference of the current fair value of the stock and the exercise price for in-the-money stock options. The total fair value of options vested during the year ended December 31, 2017, 2016 and 2015 was \$7.5 million, \$9.8 million and \$9.1 million, respectively.

The Company estimates the fair value of stock-based awards on their grant date using the Black-Scholes option-pricing model. The Company estimates the fair value using a single-option approach and amortizes the fair value on a straight-line basis for options expected to vest. All options are amortized over the requisite service periods of the awards, which are generally the vesting periods.

The Company estimated the fair value of stock options with the following assumptions:

	Year Ended December 31,		
	2017	2016	2015
Risk-free interest rate	1.88% - 2.22%	1.18% - 2.23%	1.55% - 1.95%
Volatility	45.95% - 50.52%	36.00% - 49.64%	36.30% - 39.63%
Expected term (in years)	5.94 - 6.08	5.00 - 6.26	5.50 - 6.23
Expected dividend yield	0.00%	0.00%	0.00%

The expected term assumptions were determined based on the average vesting terms and contractual lives of the options. The risk-free interest rate is based on the rate for a U.S. Treasury zero-coupon issue with a term that approximates the expected life of the option grant. For stock options granted in the year ended December 31, 2017, 2016 and 2015, the Company considered the volatility data of a group of publicly traded peer companies in its industry. Forfeiture rates are estimated using the Company's expectations of forfeiture rates for the Company's employees and are adjusted when estimates change. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from the Company's current estimates, such amounts will be recorded as a cumulative adjustment in the period the estimates are revised. The Company considers many factors when estimating expected forfeitures, including historical forfeiture pattern, the types of awards and employee class. Actual results, and future changes in estimates, may differ substantially from management's current estimates.

Restricted Stock Units

In 2014, the Company granted a total of 947,342 RSUs subject to certain performance targets to a third party partner. As of December 31, 2017, 350,000 outstanding RSUs had a performance feature that is required to be satisfied before the option is vested. In March 2018, the Company amended the terms of all of these RSUs, such that the RSUs are deemed earned subject to a clawback provision that requires the holder of the RSUs to either forfeit all the RSUs or pay the Company repayment value for all RSUs that are not forfeited if the third party breaches the exclusivity provision of the parties' commercial agreement. The exclusivity clawback provision for all of the RSUs expires in September 2019.

The performance-based provision is considered substantive. As a result, the Company recognizes expense once the performance targets are met. The first performance target was met in 2015. The Company recognized \$0.8 million and \$1.2 million compensation expense in the years ended December 31, 2017 and 2016 upon certain performance targets being met.

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The following table summarizes the activity for all RSUs under all of the Company's equity incentive plans for the years ended December 31, 2017 and 2016 (shares in thousands):

	Shares	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2015	1,506	\$ 10.44
Granted	3,363	5.82
Issued	(422)	9.55
Cancelled / forfeited	(341)	6.80
Unvested balance at December 31, 2016	4,106	6.87
Granted	3,540	5.30
Issued	(1,115)	7.36
Cancelled / forfeited	(1,201)	5.81
Unvested balance at December 31, 2017	5,330	\$ 5.82

Employee Stock Purchase Plan

Under the Company's 2015 Employee Stock Purchase Plan ("ESPP") (as amended in May 2017), eligible employees are offered shares bi-annually through a 24 month offering period which encompasses four six month purchase periods. Each purchase period begins on the first trading day on or after May 15 and November 15 of each year. Employees may purchase a limited number of shares of the Company's common stock via regular payroll deductions at a discount of 15% of the lower of the fair market value of the Company's common stock on the first trading date of each offering period or on the exercise date. Employees may deduct up to 15% of payroll, with a cap of \$25,000 of fair market value of shares in any calendar year and 10,000 shares per employee per purchase period. Under the ESPP, 1,000,000 shares of the Company's common stock have been reserved for issuance to eligible employees. The ESPP provides for an automatic increase of the number of shares available for issuance under the ESPP on the first day of each fiscal year beginning on January 1, 2016, equal to the least of 5 million shares, 2% of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year, or such other amount as may be determined by the Board of Directors. In 2017 and 2016, the Board of Directors authorized an additional 2,086,416 and 2,025,641 shares, respectively, reserved for issuance under the ESPP.

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense, including the compensation expense resulting from the sales of common stock by employees and former employees in 2015 to existing investors and ESPP expenses, in the consolidated statements of operations as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Cost of operating leases and incentives	\$ 2,299	\$ 2,039	\$ 1,649
Cost of solar energy systems and product sales	609	409	236
Sales and marketing	5,196	7,831	5,242
Research and development	836	515	205
General and administration	13,102	7,929	8,491
Total	\$ 22,042	\$ 18,723	\$ 15,823

As of December 31, 2017 and 2016, total unrecognized compensation cost related to outstanding stock options and RSUs was \$34.8 million and \$29.4 million, respectively, which is expected to be recognized over a weighted-average period of 2.8 years and 2.6 years, respectively.

In August 2017, the Company entered into an agreement with an affiliate ("Contractor") of Comcast Corporation ("Comcast") whereby Contractor will receive lead or sales fees for new customers it brings to the Company over a 40-month term. Comcast may also earn a warrant to purchase up to 11,793,355 shares of the Company's outstanding common stock, at an exercise price of \$0.01 per warrant share. The warrant initially

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vests 50.05% when both (i) Contractor has earned a lead or sales fee with respect to 30,000 of installed solar energy systems, and (ii) Contractor or its affiliates have spent at least \$10.0 million in marketing and sales in connection with the agreement. Thereafter, the warrant will vest in five additional increments for each additional 6,000 installed solar energy systems.

Note 19. Operating Revenues under Customer Agreements

Customer Agreements representing PPAs require customers to make payments to Sunrun based on the electricity production of the related Project, whereas Customer Agreements representing leases require fixed monthly payments from customers.

Total revenue from customers' contingent payments under PPAs recognized in the years ended December 31, 2017, 2016 and 2015 was \$109.8 million, \$86.2 million and \$59.8 million, respectively.

Future minimum lease payments to be received from customers whose Customer Agreements represent non-cancelable leases are as follows (in thousands):

2018	\$	49,994
2019		50,839
2020		51,695
2021		52,576
2022		53,481
Thereafter		826,687
Total	\$	<u>1,085,272</u>

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Note 20. Income Taxes

The following table presents the (income) loss before income taxes for the periods presented (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
(Income) loss attributable to common stockholders	\$ (156,663)	\$ (127,680)	\$ 33,545
Loss attributable to noncontrolling interest and redeemable noncontrolling interests	411,259	394,988	220,660
Loss before income taxes	<u>\$ 254,596</u>	<u>\$ 267,308</u>	<u>\$ 254,205</u>

The income tax provision (benefit) consists of the following (in thousands):

	For the Year Ended December 31,		
	2017	2016	2015
Current			
Federal	\$ —	\$ —	\$ —
State	—	—	—
Total current expense	—	—	—
Deferred			
Federal	21,258	30,197	(7,516)
State	10,880	5,796	2,217
Total deferred provision	32,138	35,993	(5,299)
Total	<u>\$ 32,138</u>	<u>\$ 35,993</u>	<u>\$ (5,299)</u>

The following table represents a reconciliation of the statutory federal rate and the Company's effective tax rate for the periods presented:

	For the Year Ended December 31,		
	2017	2016	2015
Tax provision (benefit) at federal statutory rate	(34.00)%	(34.00)%	(34.00)%
State income taxes, net of federal benefit	2.42	1.92	0.87
Effect of noncontrolling and redeemable noncontrolling interests	54.92	50.23	29.53
Stock-based compensation	0.75	0.68	1.06
Effect of prepaid tax asset	—	(5.57)	0.04
Tax credits	(1.36)	(1.61)	(0.43)
Effect of federal rate change	(12.53)	—	—
Effect of valuation allowance	1.86	0.25	—
Other	0.56	1.56	0.85
Total	<u>12.62 %</u>	<u>13.46 %</u>	<u>(2.08)%</u>

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table represents significant components of the Company's deferred tax assets and liabilities for the periods presented (in thousands):

	December 31,	
	2017	2016
Deferred tax assets		
Accruals and prepaids	\$ 14,390	\$ 18,010
Deferred revenue	32,502	23,559
Net operating loss carryforwards	186,863	218,719
Stock-based compensation	4,994	6,908
Investment tax and other credits	24,580	18,454
Total deferred tax assets	<u>263,329</u>	<u>285,650</u>
Less: Valuation allowance	(5,386)	(663)
Gross deferred tax assets	<u>257,943</u>	<u>284,987</u>
Deferred tax liabilities		
Capitalized initial direct costs	38,752	45,030
Fixed asset depreciation	173,175	206,754
Deferred tax on investment in partnerships	105,147	448,600
Gross deferred tax liabilities	<u>317,074</u>	<u>700,384</u>
Net deferred tax liabilities	<u>\$ (59,131)</u>	<u>\$ (415,397)</u>

As of December 31, 2017, the Company had net operating loss carryforwards for federal, California and other state income tax purposes of approximately \$699.6 million, \$387.2 million and \$247.5 million, respectively, which will begin to expire in the year 2028, 2028 and 2024, respectively, if not utilized. As of December 31, 2016, the Company had net operating loss carryforwards for federal, California and other state income tax purposes of approximately \$571.3 million, \$348.2 million and \$176.7 million, respectively, which will begin to expire in the year 2028, 2028 and 2024, respectively, if not utilized.

As of December 31, 2017, the Company has an investment tax credit carryforward of approximately \$11.9 million which begins to expire in the year 2028, if not utilized and no California enterprise zone credits. As of December 31, 2016, the Company has an investment tax credit carryforward of approximately \$9.3 million and California enterprise zone credits of approximately \$1.0 million.

Generally, utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code (IRC) of 1986, as amended and similar state provisions. The Company performed an analysis to determine whether an ownership change under Section 382 of the Code had occurred and determined that no ownership changes were identified as of December 31, 2017.

Valuation allowances are provided against deferred tax assets to the extent that it is more likely than not that the deferred tax asset will not be realized. The Company's management considers all available positive and negative evidence including its history of operating income or losses, future reversals of existing taxable temporary difference, taxable income in carryback years and tax-planning strategies. The Company has concluded that it is more likely than not that the benefit from certain state net operating loss carryforwards and state tax credits will not be realized. In recognition of this risk, the Company has provided a valuation allowance of \$5.4 million on the deferred tax assets relating to these state net operating loss carryforwards and state tax credits which is an increase of \$4.7 million in 2017.

The Company sells solar energy systems to investment Funds. As the investment Funds are consolidated by the Company, the gain on the sale of the assets has been eliminated in the consolidated financial statements. These transactions are treated as intercompany sales and any tax expense incurred related to these sales prior to fiscal year 2017 was deferred. As described in Note 2, *Summary of Significant Accounting Policies* – Recently Issued Accounting Standards, ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, requires entities

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Notes to Consolidated Financial Statements — Continued

to recognize income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. As a result, a reporting entity would recognize the tax expense from the sale of assets in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of the transaction are eliminated in the consolidated financial statements. Any deferred tax asset that arises in the buyer's jurisdiction would also be recognized at the time of the transfer. As the Company sells solar energy systems to Funds, the Company will record the current tax effect of the gain on the sale as well as a deferred tax asset related to the Company's increased tax basis in the partnership as a result of the sale. As a result of the adoption of ASU 2016-16, the Company recognized in retained earnings the reversal of the net prepaid tax assets of \$378.5 million previously recorded for the tax deferral, and recognized gross a deferred tax asset of \$378.2 million at January 1, 2017.

The Company adopted ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, on January 1, 2017. As a result of the adoption, the Company has increased its federal and state deferred tax assets by \$3.3 million for the cumulative unrecognized federal and state gross windfall net operating loss carryover at December 31, 2016 of \$8.6 million and \$6.8 million, respectively, with an offsetting adjustment to retained earnings of \$3.3 million.

Tax Reform

On December 22, 2017, the US government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the US tax code including but not limited to, (1) reducing the US federal corporate tax rate from 35% to 21%; (2) immediate expensing of certain tangible personal property (3) creating a new limitation on deductible interest expense; (4) enacting special rules for taxable year of inclusion for certain revenues and (5) changing rules related to the uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, Income taxes. In accordance with SAB 118 a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. Additional work is necessary for a more detailed analysis of our deferred tax assets and liabilities. Any subsequent adjustment to these amounts will be recorded to current tax expense in the quarter of 2018 when the analysis is complete.

We have accounted for the provisional adjustments but we have not completed our accounting for income tax effects for certain elements of the Tax Act. The Company has recognized the provisional tax impacts related to the revaluation of deferred tax assets and liabilities and included these amounts in its consolidated financial statements for the year ended December 31, 2017. The Company will continue to refine the calculations as additional analysis is completed.

In addition, the Company continues to evaluate their performance-based compensation plans within the new definitions under IRC Section 162(m) of the Internal Revenue Code. The preliminary assessment is that we believe that performance based compensation provided prior to November 2, 2017 was provided pursuant to a written binding agreement and will be deductible. No further adjustment has been made at this time. The accounting for this item is incomplete and may change as our interpretation of the provisions of the Act evolve, additional information becomes available or interpretive guidance is issued by the U.S. Treasury. The final determination will be completed no later than one year from the enactment date.

Uncertain Tax Positions

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and local jurisdictions, where applicable. The statute of limitations for the tax returns varies by jurisdictions.

We determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. We use a

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We have analyzed the Company's inventory of tax positions with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction).

Our policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations.

As of December 31, 2017 and 2016, the Company had \$1.5 million of unrecognized tax benefits related to an acquisition in 2015. In addition, there was \$0.4 million and \$0.3 million of interest and penalties for uncertain tax positions as of December 31, 2017 and 2016, respectively. Due to the expiration of federal and California statute of limitations, the Company expects the total amount of gross unrecognized tax benefits will decrease by \$1.1 million within 12 months of December 31, 2017.

One of our investment funds has recently been selected for audit by the Internal Revenue Service (the "IRS"). In addition, two of our investors are currently being audited by the IRS, and these investor audits involve a review of the fair market value determination of our solar energy systems. If these investor audits result in an adverse finding, we would be subject to an indemnity obligation to these investors. The Company is subject to taxation and files income tax returns in the U.S., and various state and local jurisdictions. Due to the Company's net losses, substantially all of its federal, state and local income tax returns since inception are still subject to audit.

The following table summarizes the tax years that remain open and subject to examination by the tax authorities in the most significant jurisdictions in which the Company operates:

	Tax Years
U.S. Federal	2014 - 2017
State	2013 - 2017

Net Operating Loss Carryforwards

As a result of the Company's net operating loss carryforwards as of December 31, 2017, the Company does not expect to pay income tax, including in connection with its income tax provision for the year ended December 31, 2017 until the Company's net operating losses are fully utilized. As of December 31, 2017, the Company's federal and state net operating loss carryforwards were \$699.6 million and \$634.7 million, respectively. If not utilized, the federal net operating loss will begin to expire in the year 2028 and the state net operating losses will begin to expire in the year 2024.

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

Note 21. Commitments and Contingencies

Letters of Credit

As of December 31, 2017 and 2016, the Company had \$16.4 million and \$6.2 million, respectively, of unused letters of credit outstanding, which carry fees of 2.50 - 3.25% per annum and 2.75% per annum, respectively.

Non-cancellable Operating Leases

The Company leases facilities and equipment under non-cancellable operating leases. Total operating lease expenses were \$12.5 million, \$12.4 million and \$7.0 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Certain operating leases contain rent escalation clauses, which are recorded on a straight-line basis over the initial term of the lease with the difference between the rent paid and the straight-line rent recorded as a deferred rent liability. Lease incentives received from landlords are recorded as deferred rent liabilities and are amortized on a straight-line basis over the lease term as a reduction to rent expense. Deferred rent liabilities were \$2.5 million and \$2.9 million as of December 31, 2017 and 2016, respectively.

Future minimum lease payments expected to be made under non-cancelable operating lease agreements as of December 31, 2017 for each of the years ending December 31, are as follows (in thousands):

2018	\$	9,360
2019		6,453
2020		4,465
2021		2,851
2022		2,399
Thereafter		1,580
Total	\$	27,108

Capital Lease Obligations

As of December 31, 2017 and 2016, capital lease obligations were \$13.2 million and \$23.0 million, respectively. The capital lease obligations bear interest at rates up to 5.16% per annum and 10% per annum, respectively.

The following is a schedule of future lease payments as of December 31, 2017 (in thousands):

2018	\$	7,919
2019		4,810
2020		976
2021		266
2022		62
Thereafter		18
Total future lease payments		14,051
Less: Amount representing estimated executory costs included in future lease payments		326
Net minimum future lease payments		13,725
Less: Amount representing interest		493
Present value of future payments		13,232
Less: Current portion		7,421
Long term portion	\$	5,811

Purchase Commitment

In 2017, the Company entered into purchase commitments with multiple suppliers to purchase \$280.6 million of photovoltaic modules and inverters over the next 24 months with the first modules delivered in January 2018. There is some variability to the commitment amount as the final details of tariff imposition are implemented by our suppliers.

Warranty Accrual

The Company accrues warranty costs when revenue is recognized for solar energy systems sales, based on the estimated future costs of meeting its warranty obligations. Warranty costs primarily consist of replacement costs for supplies and labor costs for service personnel since warranties for equipment and materials are covered by the original manufacturer's warranty (other than a small deductible in certain cases). As such, the warranty reserve is immaterial in all periods presented. The Company makes and revises these estimates based on the number of solar energy systems under warranty, the Company's historical experience with warranty claims, assumptions on warranty claims to occur over a systems' warranty period and the Company's estimated replacement costs.

Guarantees

In December 2017, the Company acquired the investor's interest in the consolidated VIE for which the Company guaranteed an internal rate of return. Upon purchase of the investor's stake in this Fund, these obligations were satisfied as described in Note 15, *VIE Arrangements*. The Company guaranteed one of its investors in one of its Funds an internal rate of return, calculated on an after-tax basis, in the event that it purchases the investor's interest or the investor sells its interest to the Company.

ITC and Cash Grant Indemnification

The Company is contractually committed to compensate certain investors for any losses that they may suffer in certain limited circumstances resulting from reductions in ITCs or U.S. Treasury grants. Generally, such obligations would arise as a result of reductions to the value of the underlying solar energy systems as assessed by the Internal Revenue Service (the "IRS") or U.S. Treasury Department. At each balance sheet date, the Company assesses and recognizes, when applicable, the potential exposure from this obligation based on all the information available at that time, including any audits undertaken by the IRS. The Company believes that this obligation is not probable based on the facts known as of the filing date of this Annual Report on Form 10-K. The maximum potential future payments that the Company could have to make under this obligation would depend on the difference between the fair values of the solar energy systems sold or transferred to the Funds as determined by the Company and the values the IRS would determine as the fair value for the systems for purposes of claiming ITCs. ITCs are claimed based on the statutory regulations from the IRS. The Company uses fair values determined with the assistance of an independent third-party appraisal as the basis for determining the ITCs that are passed-through to and claimed by the Fund investors. Since the Company cannot determine how the IRS will evaluate system values used in claiming ITCs, the Company is unable to reliably estimate the maximum potential future payments that it could have to make under this obligation as of each balance sheet date.

Litigation

The Company is subject to certain legal proceedings, claims, investigations and administrative proceedings in the ordinary course of its business. The Company records a provision for a liability when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. These provisions, if any, are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Depending on the nature and timing of any such proceedings that may arise, an unfavorable resolution of a matter could materially affect the Company's future consolidated results of operations, cash flows or financial position in a particular period.

In July 2012, the U.S. Treasury Department and the Department of Justice (together, the "Government") opened a civil investigation into the participation by residential solar developers in the Section 1603 grant program. The Government served subpoenas on several developers, including Sunrun, along with their investors and valuation firms. The focus of the investigation is the claimed fair market value of the solar systems the developers submitted to the Government in their grant applications. The Company has cooperated fully with the Government

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

and plans to continue to do so. No claims have been brought against the Company. The Company is not able to estimate the ultimate outcome or a range of possible loss at this point in time.

On November 20, 2015, a putative class action captioned *Slovin et al. v. Sunrun Inc. and Clean Energy Experts, LLC*, Case No. 4:15-cv-05340, was filed in the United States District Court, Northern District of California. The complaint generally alleged violations of the Telephone Consumer Protection Act (the "TCPA") on behalf of an individual and putative classes of persons alleged to be similarly situated. Plaintiffs filed a First Amended Complaint on December 2, 2015, and a Second Amended Complaint on March 25, 2016, also asserting individual and putative class claims under the TCPA. By Order entered on April 28, 2016, the Court granted the Company's motion to strike the class allegations set forth in the Second Amended Complaint, and granted leave to amend. Plaintiffs filed a Third Amended Complaint on July 12, 2016 asserting individual and putative class claims under the TCPA. On October 12, 2016, the Court denied the Company's motion to again strike the class allegations set forth in the Third Amended Complaint. On October 3, 2017, plaintiffs filed a motion for leave to file a Fourth Amended Complaint, seeking to, among other things, revise the definitions of the classes that plaintiffs seek to represent. The Company has opposed that motion, which remains pending before the Court. In each iteration of their complaint, plaintiffs seek statutory damages, equitable and injunctive relief, and attorneys' fees and costs, on behalf of themselves and the absent classes. Plaintiffs' deadline to file their motion for class certification is currently April 13, 2018.

Most, if not all, of the claims asserted in the lawsuit relate to activities allegedly engaged in by third-party vendors, for which the Company denies any responsibility. The vendors are contractually obligated to indemnify the Company for losses related to the conduct alleged. The Company believes that the claims are without merit and intends to defend itself vigorously.

On April 13, 2016, a purported shareholder class action captioned *Pytel v. Sunrun Inc., et al.*, Case No. CIV 538215, was filed in the Superior Court of California, County of San Mateo, against the Company, certain of the Company's directors and officers, the underwriters of the Company's initial public offering and certain other defendants. The complaint generally alleges that the defendants violated Sections 11, 12 and 15 of the Securities Act of 1933 by making false or misleading statements in connection with the Company's August 5, 2015 initial public offering regarding the continuation of net metering programs. The plaintiffs seek to represent a class of persons who acquired the Company's common stock pursuant or traceable to the initial public offering. Plaintiffs seek compensatory damages, including interest, rescission or rescissory damages, an award of reasonable costs and attorneys' fees, and any equitable or injunctive relief deemed appropriate by the court. On April 29, 2016, a purported shareholder class action captioned *Baker et al. v. Sunrun Inc., et al.*, Case No. CIV 538419, was filed in the Superior Court of California, County of San Mateo. On May 10, 2016, a purported shareholder class action captioned *Nunez v. Sunrun Inc., et al.*, Case No. CIV 538593, was filed in the Superior Court of California, County of San Mateo. The *Baker* and *Nunez* complaints are substantially similar to the *Pytel* complaint, and seek similar relief against similar defendants on behalf of the same purported class.

On April 21, 2016, a purported shareholder class action captioned *Cohen, et al. v. Sunrun Inc., et al.*, Case No. CIV 538304, was filed in the Superior Court of California, County of San Mateo, against the Company, certain of the Company's directors and officers, and the underwriters of the Company's initial public offering. The complaint generally alleges that the defendants violated Sections 11, 12 and 15 of the Securities Act of 1933 by making false or misleading statements in connection with an August 5, 2015 initial public offering regarding the Company's business practices and its dependence on complex financial instruments. The *Cohen* plaintiffs seek to represent the same class and seek similar relief as the plaintiffs in the *Pytel*, *Nunez*, and *Baker* actions. On September 26, 2016, the *Baker*, *Cohen*, *Nunez*, and *Pytel* actions were consolidated. On December 27, 2017, the court granted Plaintiffs' motion for class certification. The Company believes that the claims are without merit and intends to defend itself vigorously.

On May 3, 2017, a purported shareholder class action captioned *Fink, et al. v. Sunrun Inc., et al.*, Case No. 3:17-cv-02537, was filed in the United States District Court, Northern District of California, against the Company and certain of the Company's directors and officers. The complaint generally alleges that the defendants violated Sections 10(b) and 20(a) of the Exchange Act of 1934, and Securities and Exchange Commission Rule 10b-5, by making false or misleading statements in connection with public filings made between September 15, 2015 and March 8, 2017 regarding the number of customers who canceled contracts after signing up for the Company's home-solar energy system. The plaintiff seeks compensatory damages, including interest, attorney's fees, and costs, on behalf of all persons other than the defendants who purchased the Company's securities between

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

September 16, 2015 and May 2, 2017. On May 4, 2017, a purported shareholder class action captioned *Hall, et al. v. Sunrun Inc., et al.*, Case No. 3:17-cv-02571, was filed in the United States District Court, Northern District of California. On May 18, 2017, a purported shareholder class action captioned *Sanogo, et al. v. Sunrun Inc., et al.*, Case No. 3:17-cv-02865, was filed in the United States District Court, Northern California District of California. The *Hall* and *Sanogo* complaints are substantially similar to the *Fink* complaint, and seeks similar relief against similar defendants on behalf of a substantially similar class. On August 23, 2017, the *Fink*, *Hall*, and *Sanogo* actions were consolidated, and on September 25, 2017, plaintiffs filed a consolidated amended complaint which alleges the same underlying violations as the original *Fink*, *Hall* and *Sanogo* complaints. The Company believes that the claims are without merit and intends to defend itself vigorously.

On June 29, 2017, a shareholder derivative complaint captioned *Barbara Sue Sklar Living Trust v. Sunrun Inc. et al.*, was filed in the United States District Court, Northern District of California, against the Company and certain of the Company's directors and officers. The complaint generally alleges that the defendants violated Section 14(a) of the Exchange Act of 1934 by making false or misleading statements in connection with public filings, including proxy statements, made between September 10, 2015 and May 3, 2017 regarding the number of customers who cancelled contracts after signing up for the Company's home solar energy system. The Plaintiff seeks, among other things, damages in favor of the Company, certain corporate actions to purportedly improve the Company's corporate governance, and an award of costs and expenses to the putative plaintiff stockholder, including attorneys' fees. The Company believes that the claims are without merit and intends to defend itself vigorously.

Note 22. Net Income (Loss) Per Share

Prior to the initial public offering, the Company calculated net income (loss) per share (EPS) available to common stockholders using the two-class method, which allocates net income that otherwise would have been available to common shareholders to holders of participating securities. In connection with the Company's initial public offering, the Company recognized a deemed dividend of \$24.9 million to Series D and E convertible preferred shareholders, as further discussed in Note 17, *Stockholders' Equity*.

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period adjusted to include the effect of potentially dilutive securities. Potentially dilutive securities are excluded from the computation of dilutive EPS in periods in which the effect would be antidilutive.

Sunrun Inc.
Notes to Consolidated Financial Statements — Continued

The computation of the Company's basic and diluted net income per share are as follows (in thousands, except per share amounts):

	Years Ended December 31,		
	2017	2016	2015
Numerator:			
Net income (loss) attributable to common stockholders	\$ 124,525	\$ 91,687	\$ (28,246)
Less: Deemed dividend to convertible preferred stockholders	—	—	(24,890)
Net Income (loss) available to common stockholders	<u>\$ 124,525</u>	<u>\$ 91,687</u>	<u>\$ (53,136)</u>
Denominator:			
Weighted average shares used to compute net income (loss) per share attributable to common stockholders, basic	105,432	102,367	55,091
Weighted average effect of potentially dilutive shares to purchase common stock	<u>2,774</u>	<u>2,597</u>	<u>—</u>
Weighted average shares used to compute net income (loss) per share attributable to common stockholders, diluted	<u>108,206</u>	<u>104,964</u>	<u>55,091</u>
Net income (loss) per share attributable to common stockholders			
Basic	<u>\$ 1.18</u>	<u>\$ 0.90</u>	<u>\$ (0.96)</u>
Diluted	<u>\$ 1.15</u>	<u>\$ 0.87</u>	<u>\$ (0.96)</u>

The following shares were excluded from the computation of diluted net income per share as the impact of including those shares would be anti-dilutive (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Warrants	1,251	1,251	1,251
Outstanding stock options	13,803	8,981	12,631
Unvested restricted stock units	1,451	1,564	599
ESPP	—	—	79
Total	<u>16,505</u>	<u>11,796</u>	<u>14,560</u>

Note 23. Related Party Transactions

An individual who previously served as one of the Company's directors until March 2017 has direct and indirect ownership interests in Enphase Energy, Inc. ("Enphase"). For the years ended December 31, 2017, 2016 and 2015, the Company recorded \$9.1 million, \$19.9 million and \$11.9 million, respectively, in purchases from Enphase and had outstanding payables to Enphase of \$2.0 million and \$0.4 million as of December 31, 2017 and 2016, respectively.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure .

Not applicable.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our "disclosure controls and procedures" as of the end of the period covered by this Annual Report on Form 10-K, pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

In connection with that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective and designed to provide reasonable assurance that the information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms as of December 31, 2017. The term "disclosure controls and procedures," as defined in Rules 13a-15I and 15d-15I under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our management used the Committee of Sponsoring Organizations of the Treadway Commission Internal Control - Integrated Framework (2013), or the COSO framework, to evaluate the effectiveness of internal control over financial reporting. Management believes that the COSO framework is a suitable framework for its evaluation of financial reporting because it is free from bias, permits reasonably consistent qualitative and quantitative measurements of our internal control over financial reporting, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of our internal control over financial reporting are not omitted and is relevant to an evaluation of internal control over financial reporting.

Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2017 and has concluded that such internal control over financial reporting is effective.

Attestation Report of the Registered Public Accounting Firm on Internal Control over Financial Reporting

This Annual Report does not include an attestation report of our independent registered public accounting firm on our internal control over financial reporting due to a transition period established by the rules of the SEC for newly public companies and due to exemptions available to us as an "emerging growth company," as defined by the JOBS Act.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance .

The information required by this Item 10 of Form 10-K will be set forth in our proxy statement to be filed with the SEC in connection with the solicitation of proxies for our 2018 Annual Meeting of Stockholders ("Proxy Statement") and is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days after the year-end of the fiscal year which this report relates.

Item 11. Executive Compensation.

The information required by this Item 11 will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters .

The information required by this Item 12 will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence .

The information required by this Item 13 will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item 14 will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Documents filed as part of this report are as follows:

- (1) Consolidated Financial Statements

Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Item 8 of Part II of this Annual Report.

- (2) Financial Statement Schedules

The required information is included elsewhere in this Annual Report, not applicable, or not material.

- (3) Exhibits

The exhibits listed in the accompanying "Exhibit Index" are filed or incorporated by reference as part of this Annual Report.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant	10-Q	001-37511	3.1	9/15/2015
3.2	Amended and Restated Bylaws of the Registrant	10-Q	001-37511	3.2	9/15/2015
4.1	Form of common stock certificate of the Registrant	S-1	333-205217	4.1	6/25/2015
4.2	Form of Warrant	8-K	001-37511	4.1	10/2/2015
4.3	Tenth Amended and Restated Investors' Rights Agreement among the Registrant and certain holders of its capital stock, dated as of March 31, 2015	S-1	333-205217	4.2	6/25/2015
4.4	Shareholders Agreement among the Registrant and certain holders of its capital stock, dated as of April 1, 2015	S-1	333-205217	4.3	6/25/2015
4.5	Form of Stock Issuance Agreement	S-1/A	333-205217	4.5	7/22/2015
4.6	Warrant to Purchase Shares of Common Stock of Sunrun Inc.	8-K	001-37511	4.1	8/24/2017
4.7	Registration Rights Agreement between the Company and Comcast Corporation, dated August 23, 2017	8-K	001-37511	4.2	8/24/2017
4.8	Form of Indenture, between the Registrant and one or more trustees to be named	S-3	333-222099	4.5	12/15/2017
4.9	Form of Common Stock Warrant Agreement and Warrant Certificate	S-3	333-222099	4.8	12/15/2017
4.10	Form of Preferred Stock Warrant Agreement and Warrant Certificate	S-3	333-222099	4.9	12/15/2017
4.11	Form of Debt Securities Warrant Agreement and Warrant Certificate	S-3	333-222099	4.10	12/15/2017
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers	S-1	333-205217	10.1	6/25/2015
10.2+	Sunrun Inc. 2015 Equity Incentive Plan and related form agreements	S-1/A	333-205217	10.2	7/22/2015
10.3+	Sunrun Inc. 2015 Employee Stock Purchase Plan and related form agreements	10-Q	001-37511	10.1	8/7/2017
10.4+	Sunrun Inc. 2014 Equity Incentive Plan	S-1	333-205217	10.4	6/25/2015
10.5+	Sunrun Inc. 2013 Equity Incentive Plan and related form agreements	S-1	333-205217	10.5	6/25/2015
10.6+	Sunrun Inc. 2008 Equity Incentive Plan and related form agreements	S-1	333-205217	10.6	6/25/2015
10.7+	Mainstream Energy Corporation 2009 Stock Plan	S-1	333-205217	10.7	6/25/2015
10.8+	Sunrun Inc. Executive Incentive Compensation Plan	S-1	333-205217	10.8	6/25/2015
10.9+	Key Employee Change in Control and Severance Plan and Summary Plan Description	S-1	333-205217	10.9	6/25/2015
10.10+	Employment Letter between the Registrant and Lynn Jurich, dated as of May 8, 2015	S-1	333-205217	10.10	6/25/2015
10.11+	Employment Letter between the Registrant and Edward Fenster, dated as of May 8, 2015	S-1	333-205217	10.11	6/25/2015
10.12+	Employment Letter between the Registrant and Bob Komin, dated as of May 8, 2015	S-1	333-205217	10.12	6/25/2015
10.13+	Employment Letter between the Registrant and Thomas Holland, dated as of May 8, 2015	S-1	333-205217	10.13	6/25/2015
10.14+	Employment Letter between the Registrant and Paul Winnowski, dated as of May 8, 2015	S-1	333-205217	10.14	6/25/2015
10.15+	Board Services Agreement between the Registrant and Gerald Risk, dated as of February 1, 2014	S-1	333-205217	10.15	6/25/2015

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.16	Agreement of Sublease between the Registrant and Visa U.S.A. Inc., dated as of April 1, 2013, as amended on April 29, 2013	S-1	333-205217	10.16	6/25/2015
10.17	Credit Agreement among the Registrant, Credit Suisse Securities (USA) LLC and the other parties thereto, dated as of April 1, 2015	S-1	333-205217	10.17	6/25/2015
10.18	Credit Agreement among Sunrun Aurora Portfolio 2014-A, LLC, Investec Bank PLC, Keybank National Association and the Lenders from time to time as party thereto, dated December 31, 2014	S-1	333-205217	10.18	6/25/2015
10.19	Transition, Separation and General Release Agreement, dated December 7, 2015 between Tom Holland and Sunrun Inc	8-K	001-37511	10.1	12/8/2015
10.20	Amended and Restated Credit Agreement among Sunrun Hera Portfolio 2015-A, LLC, Investec Bank PLC (as Administrative Agent), Investec Bank PLC (as Issuing Bank) and the Lenders from time to time as party thereto, dated January 15, 2016 and amended and restated as of June 23, 2017	10-Q/A	001-37511	10.2	12/29/2017
10.21	Amendment No. 2 to Credit Agreement among the Company, AEE Solar, Inc., Sunrun South LLC, Sunrun Installation Services Inc., Clean Energy Experts, LLC, each of the lenders identified on the signature pages thereto, Credit Suisse AG and Silicon Valley Bank, dated as of June 15, 2016	10-Q	001-37511	10.1	8/11/2016
10.22	Incremental Facility Agreement among the Company, AEE Solar, Inc., Sunrun South LLC, Sunrun Installation Services Inc., Clean Energy Experts, LLC, Credit Suisse AG and Comerica Bank, dated as of July 21, 2016	10-Q	001-37511	10.2	8/11/2016
10.23	First Amendment to Credit Agreement and Collateral Agency Agreement among Sunrun Hera Portfolio 2015-A, LLC, Investec Bank PLC (as administrative agent, issuing bank and as lender), each of the additional lenders identified on the signature pages thereto and Deutsche Bank Trust Company Americas, dated as of May 12, 2016	10-Q	001-37511	10.3	8/11/2016
10.24	Consent and Second Amendment to Credit Agreement among Sunrun Hera Portfolio 2015-A, LLC, Investec Bank PLC (as administrative agent, issuing bank and as lender) and each of the additional lenders identified on the signature pages thereto, dated as of June 29, 2016	10-Q	001-37511	10.4	8/11/2016
10.25	Amendment No. 3 to Credit Agreement among the Company, AEE Solar, Inc., Sunrun South LLC, Sunrun Installation Services Inc., Clean Energy Experts, LLC, each of the lenders identified on the signature pages thereto, Credit Suisse AG and Silicon Valley Bank, dated as of December 2, 2016	10-K	001-37511	10.25	3/8/2017
10.26	Consent and Third Amendment to Credit Agreement and First Amendment to Cash Diversion and Commitment Fee Guaranty among the Company, Sunrun Hera Portfolio 2015-A, LLC, Investec Bank Plc (as administrative agent, issuing bank and as lender) and each of the additional lenders identified on the signature pages thereto, dated as of November 30, 2016	10-K	001-37511	10.26	3/8/2017

Exhibit Number	Exhibit Description	Form	Incorporated by Reference		
			File No.	Exhibit	Filing Date
10.27¥	Consent and Fourth Amendment to Credit Agreement and First Amendment to Guaranty and Security Agreement among Sunrun Hera Portfolio 2015-A, LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Sunrun [*] Manager [*], LLC, Investec Bank Plc (as administrative agent, issuing bank and as lender), Deutsche Bank Trust Company Americas, and each of the additional lenders identified on the signature pages thereto, dated as of January 31, 2017	10-K	001-37511	10.27	3/8/2017
10.28¥	Credit Agreement among Sunrun Neptune Portfolio 2016-A, LLC, as Borrower, Suntrust Bank as Administrative Agent, ING Capital LLC as LC Issuer, and The Lenders from Time to Time Party Hereto dated as of May 9, 2017 and Exhibits	10-Q/A	001-37511	10.3	12/29/2017
10.29¥	Consent and first amendment to amended and restated credit agreement and first amendment to amended and restated cash diversion and commitment fee guaranty, dated as of December 28, 2017				
10.30¥	Credit Agreement among Sunrun Scorpio Portfolio 2017-A, LLC, as Borrower, Keybank National Association, as Administrative Agent, Keybank National Association, as LC Issuer, and The Lenders from Time to Time Party Hereto dated as of October 20, 2017 and Exhibits				
10.31+	Transition, Separation and General Release Agreement with Paul Winnowski, effective 12/6/2017	8-K	001-37511	10.2	12/6/2017
21.1	List of subsidiaries of the Registrant	S-1	333-205217	21.1	6/25/2015
23.1	Consent of Independent Registered Public Accounting Firm				
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1†	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Schema Linkbase Document				
101.CAL	XBRL Taxonomy Definition Linkbase Document				
101.DEF	XBRL Taxonomy Calculation Linkbase Document				
101.LAB	XBRL Taxonomy Labels Linkbase Document				
101.PRE	XBRL Taxonomy Presentation Linkbase Document				
†	The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Sunrun Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.				
+	Indicates management contract or compensatory plan.				
¥	Confidential treatment has been requested as to certain portions of this exhibit, which portions have been omitted and submitted separately to the Securities and Exchange Commission.				

SIGNATURES

**CONSENT AND FIRST AMENDMENT TO
AMENDED AND RESTATED CREDIT AGREEMENT AND
FIRST AMENDMENT TO AMENDED AND RESTATED
CASH DIVERSION AND COMMITMENT FEE GUARANTY**

This CONSENT AND FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDMENT TO AMENDED AND RESTATED CASH DIVERSION AND COMMITMENT FEE GUARANTY, dated as of December 28, 2017 (this "Amendment"), is entered into among the undersigned in connection with (a) that certain Amended and Restated Credit Agreement, dated as of June 23, 2017, among Sunrun Hera Portfolio 2015-A, LLC, a Delaware limited liability company, as Borrower (the "Borrower"), the financial institutions as Lenders from time to time party thereto (the "Lenders"), and Investec Bank PLC, as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent") and as Issuing Bank (in such capacity, the "Issuing Bank") (the "Credit Agreement", and as amended by this Amendment, the "Amended Credit Agreement") and (b) the Cash Diversion and Commitment Fee Guaranty (as in effect prior to the date hereof, the "Guaranty", and as amended by this Amendment, the "Amended Guaranty"). Capitalized terms which are used but not otherwise defined herein shall have the meanings ascribed to such terms in the Amended Credit Agreement and the rules of construction set forth in Section 1.02 of the Credit Agreement apply to this Amendment.

WITNESSETH

WHEREAS, the Borrower wishes to obtain, and the Administrative Agent and the Required Lenders wish to provide, consent to the acquisition by the Borrower of (a) (i) Sunrun Hera Owner Holdco 2017, LLC, a Delaware limited liability company and a Wholly Owned Holdco ("Hera 2017 Holdco") and (ii) Sunrun Hera Owner 2017, LLC, a Delaware limited liability company and a Wholly Owned Opco ("Hera 2017 Owner"), respectively, as each is identified by the Borrower in that certain Wholly Owned Opco Certificate No. 1, dated as of November 7, 2017, and delivered by the Borrower to the Administrative Agent in accordance with Section 2.05(d) of the Amended Credit Agreement (such acquisitions in this clause (a), collectively, the "Wholly Owned Entity Acquisitions") and (b) (i) Sunrun [***] Manager 2018, LLC, a Delaware limited liability company and a Tax Equity Holdco ("[***] 2018 Holdco") and (ii) Sunrun [***] Manager 2017, LLC, a Delaware limited liability company and a Tax Equity Holdco ("[***] 2017 Holdco") (such acquisitions in this clause (b), collectively, the "Tax Equity Holdco Acquisitions"); and

WHEREAS, the Borrower and the Sponsor also wish to make, and the undersigned also wish to agree to make, certain additional amendments to the Credit Agreement and the Guaranty as provided herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

CPAM: 13156432.3

I. Amendments to the Credit Agreement. Subject to the satisfaction of the conditions set forth in Article IV below, the following amendments to the Credit Agreement are hereby accepted and agreed by the parties hereto:

1. New Schedule 1.01(c). The list of Exhibits, Annexes and Schedules on page v of the Credit Agreement is amended by inserting a new Schedule 1.01(c), titled “Documents Pursuant to Which Projects Owned by a Wholly Owned Opco Were Originally Purchased”, and Attachment A hereto is hereby appended to the Credit Agreement as a new Schedule 1.01(c).

2. Amended and Restated Exhibit P, Form of Wholly Owned Opco Certificate. Exhibit P to the Credit Agreement is hereby deleted and Exhibit P attached hereto as Attachment B is hereby inserted in its place in its entirety.

3. Amendment to Section 1.01. The following defined terms in Section 1.01 of the Credit Agreement are hereby amended and restated in their entirety as follows:

“Eligible Customer Agreement” shall mean a Customer Agreement in the form of one of the agreements attached hereto as Exhibit G or such other form of agreement as approved (i) by the Administrative Agent (acting on the instructions of the Required Lenders) in writing or (ii) under the applicable Tax Equity Documents or, in the case of a Wholly-Owned Opco, either (A) the Tax Equity Documents originally governing such Wholly Owned Opco or (B) the Tax Equity Documents pursuant to which a Project was first acquired, which are listed for the applicable Wholly Owned Opco on Schedule 1.01(c); provided that, in the case of this clause (ii), the inclusion of such Customer Agreement as an Eligible Customer Agreement could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of the Borrower to perform under the Loan Documents at or above the assumptions in the Base Case Model and, in each case, as such form may be modified from time to time if such modification could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of the Borrower to perform under the Loan Documents at or above the assumptions set forth in the Base Case Model.”

“Eligible Project Qualification Requirement” shall mean:

(a) with respect to Projects being acquired or leased by an Inverted Lease Opco or a Partnership Flip Opco, the qualification requirement for the purchase of the Projects as of the time of sale to the applicable Opco pursuant to the applicable Tax Equity Documents (except to the extent of any departure in accordance with Prudent Industry Practices for which a waiver was given by the applicable Tax Equity Class A Member or Inverted Lease Tenant, as applicable, and where the applicable impact thereof has been incorporated into the Base Case Model in a manner reasonably acceptable to the Administrative Agent); and

(b) with respect to Projects owned by a Wholly Owned Opco, (i) the qualification requirement for the purchase of the Projects as of the time such Projects were first acquired pursuant to the applicable Tax Equity Documents (except to the extent of any departure in accordance with Prudent Industry Practices for which a waiver was given by the applicable Tax Equity Class A Member or Inverted Lease Tenant, as applicable, and where the applicable impact thereof has been incorporated into the Base Case Model in a manner reasonably acceptable to the Administrative Agent) and (ii) each such Project has received a PTO Letter.”

““[***] 2017 LLC Agreement” shall mean that certain Amended and Restated Limited Liability Company Agreement of Sunrun [***] Owner 2017, LLC, dated as of [***], entered into by and between Sunrun [***] Manager 2017, LLC and [***].”

““Portfolio Documents” shall mean (a) the Project Documents, (b) the Tax Equity Documents described in clause (i) of the definition thereof, (c) the Wholly Owned Opco Documents and (d) the Management Agreement.”

““Tax Equity Documents” shall mean (i) for each Tax Equity Opco, the applicable Tax Equity Limited Liability Company Agreement, Master Purchase Agreement, Master Lease, Tax Equity Opco O&M Agreement, Tax Equity Account Agreement, Partnership Flip Back-Up Servicing Agreement or Transition Management Agreement, as applicable, Tax Equity Guaranty, and any other documents reflecting an agreement between Sponsor (or any Affiliate or Sponsor) and any of the Tax Equity Class A Members relating to the applicable Tax Equity Class A Member’s investment in a Project or such Tax Equity Opco and (ii) with respect to any Wholly Owned Opco, either (A) the documents referred to in clause (i) prior to such date as the Wholly Owned Opco ceased to be a Tax Equity Opco or (B) if the Wholly Owned Opco was not previously a Tax Equity Opco, the documents referred to in clause (i) pursuant to which one or more Projects now owned by such Wholly Owned Opco were first acquired, which are listed for the applicable Wholly Owned Opco on Schedule 1.01(c).”

““Wholly Owned Opco Transition Management Agreement” shall mean, with respect to each Wholly Owned Opco, (a) the Transition Management Agreement, to be entered into in form and substance reasonably satisfactory to the Administrative Agent, among Transition Manager, the Wholly Owned Opco, Sponsor, Operator, the Administrative Agent and the Other Administrative Agent and identified by the Borrower as a Wholly Owned Opco Transition Management Agreement on Schedule 1.01(a), as such schedule may be updated from time to time in accordance with Section 2.05(e) and (b) each replacement for such agreement in a form and substance acceptable to the Administrative Agent entered into with a replacement

transition manager in accordance with the terms and conditions hereof and the Wholly Owned Opco Transition Management Agreement (from and following the date that such agreement becomes effective).

4. Amendment to Section 2.05(d). Section 2.05(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(d) After the Closing Date, the Borrower may (i) acquire or form one or more Wholly Owned Holdcos (which own or will own Wholly Owned Opco Membership Interests) and/or (ii) acquire or form through such Wholly Owned Holdco one or more Wholly Owned Opcos, provided that at least ten (10) Business Days prior to the proposed date of acquisition of such Wholly Owned Holdco or Wholly Owned Opco, as applicable, the Borrower delivers to the Administrative Agent a Wholly Owned Opco Certificate along with copies of each of the documents and other items described therein with respect to such Wholly Owned Holdco and/or Wholly Owned Opco and certifying that:

(A) such Wholly Owned Opco Certificate and each copy of the documents and other items described therein provided to the Administrative Agent is a true, correct and complete copy of such document or item (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters);

(B) either (I) such Wholly Owned Opco shall have been a Tax Equity Opco and met the Tax Equity Characteristics prior to the proposed indirect acquisition thereof by the Borrower or (II) if such Wholly Owned Opco was not a Tax Equity Opco, the acquisition of such Wholly Owned Opco has been approved by the Required Lenders (acting in their sole discretion); and

(C) each of the Wholly Owned Opco Representations is true, complete and correct with respect to such Wholly Owned Opco.”

5. Amendment to Section 7.10(a). Section 7.10(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(a) The Borrower shall not, and shall not permit any Subsidiary to, amend, modify or terminate any Portfolio Document, or waive any material breach under, or material breach of, any Portfolio Document, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders) to the extent that any such amendment, modification, termination or waiver could reasonably be expected to have a Material Adverse Effect; provided, that, for the avoidance of doubt, the Subsidiaries shall be permitted to enter into an agreement to amend or modify

(i) the electricity or lease rate, annual escalator or term of any Exempt Customer Agreement only (such agreement, a “Payment Facilitation Agreement”), so long as such amendment or modification is (A) permitted under the applicable Tax Equity Documents in respect of the applicable Tax Equity Opco and (B) made in good faith for a commercially reasonable purpose and is intended to maximize the long-term economic value of the Customer Agreement as against its value if the Payment Facilitation Agreement had not been entered into (as reasonably determined by the Sponsor in good faith and in light of the facts and circumstances known at the time of such amendment or modification), (ii) a Master Turnkey Installation Agreement to the extent that such amendment or modification could not reasonably be expected to have a Material Adverse Effect and (iii) a Tax Equity Limited Liability Company Agreement as necessary to comply with Section 6.27(e) hereof.”

6. Amendment to Section 7.12. Section 7.12 of the Credit Agreement is hereby amended by inserting the following as a new Section 7.12(f):

“(f) The Borrower shall not, and shall not permit any Tax Equity Holdco, Wholly Owned Holdco or Wholly Owned Opco to, acquire any Projects other than, in the case of the Wholly Owned Opcos, the Projects owned by such Wholly Owned Opco on the date it became a Wholly Owned Opco in accordance with Section 2.05(d).”

7. New Section 7.19. Article VII of the Credit Agreement is hereby amended by inserting the following as a new Section 7.19:

“The Borrower shall not elect to adjust the cash distribution sharing ratios pursuant to Section 4.01(e)(iii) of the [***] 2017 LLC Agreement to the extent such adjustment would reduce the cash distributed to the Class B Member (as defined in the [***] 2017 LLC Agreement) without the prior written consent of the Required Lenders.”

II. Amendment to the Cash Diversion and Commitment Fee Guaranty. Subject to the satisfaction of the conditions set forth in Article IV below, the definition of “Cash Diversion” in Section 1.01 of the Guaranty is hereby amended by (a) replacing the period at the end of clause (u) with the text “; and” and (b) inserting the following as new clauses (v) and (w):

“(v) any claims for indemnification or loss by or in respect of a tax equity investor (or any affiliate thereof to the extent permitted) under any Wholly Owned Opco Tax Equity Document; and

(w) any liability for U.S. federal income taxes (and associated interest and penalties) assessed against or imposed on Sunrun [***] Solar LLC, SunRun Solar Owner [***], LLC or SunRun Solar [***], LLC as a result of the application of the Budget Act.”

III. Limited Consent. At the request of the Borrower and subject to the satisfaction of the conditions set forth in Article IV below, the Administrative Agent and each of the undersigned Lenders hereby consents and agrees to (a) the Wholly Owned Entity Acquisitions, for which consent of the Administrative Agent and the Required Lenders is required pursuant to Section 2.05(d)(ii) of the Amended Credit Agreement and (b) the Tax Equity Holdco Acquisitions, for which consent of the Administrative Agent and the Required Lenders is required pursuant to Section 2.05(b)(iii) of the Amended Credit Agreement (collectively, the “Acquisition Consents”). The Administrative Agent further consents to the purchase and ownership by Hera 2017 Owner of any and all Projects that are subject to, or have received, a Grant, the purchase and ownership of which requires the consent of the Administrative Agent pursuant to Section 2.05(f) of the Amended Credit Agreement (the “Grant Project Consent” and, together with the Acquisition Consents, the “Consents”). The Consents granted pursuant to this Article III are limited precisely as written and shall not extend to any other provision of the Credit Agreement or the Amended Credit Agreement.

IV. Conditions Precedent to Effectiveness. The amendments contained in Articles I and II and the Consents contained in Article III shall not be effective until the date (such date, the “Amendment Effective Date”) that:

1. the Administrative Agent shall have received copies of this Amendment executed by the Borrower, the Sponsor and the Required Lenders, and acknowledged by the Administrative Agent; and
2. the Borrower shall have paid all fees, costs and expenses of the Administrative Agent and the Lenders incurred in connection with the execution and delivery of this Amendment (including third-party fees and out-of-pocket expenses of the Lenders’ counsel and other advisors or consultants retained by the Administrative Agent).

V. Representations and Warranties. Each of the Borrower and, as applicable, the Sponsor represents and warrants to each Agent and each Lender Party that the following statements are true, correct and complete in all respects as of the Amendment Effective Date:

1. Power and Authority; Authorization. Each of the Borrower and the Sponsor has all requisite power and authority to execute, deliver and perform its obligations under this Amendment and the Borrower has all requisite power and authority to perform its obligations under the Amended Credit Agreement and the Sponsor has all requisite power and authority to perform its obligations under the Amended Guaranty. Each of the Borrower and the Sponsor has duly authorized, executed and delivered this Amendment.
2. Enforceability. Each of this Amendment and the Amended Credit Agreement is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except to the extent that enforceability may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors’ rights, (ii) the effect of general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or (iii) implied covenants of good faith and fair dealing. Each of this Amendment and the Amended Guaranty is a legal, valid and binding obligation of the Sponsor, enforceable against the Sponsor in accordance with its terms, except to the extent

that enforceability may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights, (ii) the effect of general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or (iii) implied covenants of good faith and fair dealing

3. Credit Agreement and Guaranty Representations and Warranties. Each of the representations and warranties set forth in the Credit Agreement (with respect to the Borrower) and the Guaranty (with respect to the Sponsor) is true and correct in all respects both before and after giving effect to this Amendment, except to the extent that any such representation and warranty relates solely to any earlier date, in which case such representation and warranty is true and correct in all respects as of such earlier date.

4. Master Purchase Agreement Requirements. Taking into account all Projects owned or being acquired by Hera 2017 Owner and proposed to be included in the Collateral as of the date hereof, such Projects met the "Qualifications of Projects" requirements at the time they were first sold pursuant to the applicable Master Purchase Agreement. For the avoidance of doubt, Borrower makes no representation and warranty with respect to whether: (i) each of the fund constraints set forth in the related Master Purchase Agreement has been satisfied and (ii) the minimum systems in service requirement set forth in such Master Purchase Agreement shall have been achieved.

5. Defaults. No event has occurred or is continuing as of the date hereof, or will result from the transactions contemplated hereby as of the date hereof, that would constitute an Event of Default or a Default.

6. Recapture Period. The recapture period has ended for each ITC or Grant claimed on any Project that is owned by, or is being acquired by, Hera 2017 Owner.

7. No Adverse Selection. No selection procedures reasonably believed by the Borrower to be adverse to the Lenders were utilized in selecting the Projects contributed to Hera 2017 Owner from among all of the Projects subject to the Tax Equity Documents pursuant to which such Projects were first acquired.

VI. Limited Amendment. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the other Secured Parties under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or any other Loan Document, and each of the Borrower and the Sponsor acknowledges and agrees that each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment. From and after the Amendment Effective Date, all references to (i) the Credit Agreement in any Loan Document shall, unless expressly provided otherwise, refer to the Amended Credit Agreement and (ii) the Guaranty in any Loan Document shall, unless expressly provided otherwise, refer to the Amended Guaranty.

VII. Miscellaneous.

1. Counterparts. This Amendment may be executed in one or more duplicate counterparts and by facsimile or other electronic delivery and by different parties on different counterparts, each of which shall constitute an original, but all of which shall constitute a single document and when signed by all of the parties listed below shall constitute a single binding document.

2. Severability. In case any one or more of the provisions contained in this Amendment should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the parties hereto shall enter into good faith negotiations to replace the invalid, illegal or unenforceable provision.

3. Governing Law, etc.. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED UNDER, THE LAWS OF THE STATE OF NEW YORK. The provisions in Sections 12.08(b) through (d) and Section 12.09 of the Amended Credit Agreement shall apply, *mutatis mutandis*, to this Amendment and the parties hereto.

4. Loan Document. This Amendment shall be deemed to be a Loan Document for all purposes of the Amended Credit Agreement and each other Loan Document.

5. Headings. Paragraph headings have been inserted in this Amendment as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Amendment and shall not be used in the interpretation of any provision of this Amendment.

6. Execution of Documents. The undersigned Lenders hereby authorize and instruct the Administrative Agent to execute and deliver this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

**SUNRUN HERA PORTFOLIO 2015-A,
LLC**

as Borrower

By: Sunrun Hera Portfolio 2015-B, LLC
Its: Sole Member

By: Sunrun Hera Holdco 2015, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name: Robert Komin, Jr.
Title: Chief Financial Officer

SUNRUN INC.,
as Guarantor

By: _____
Name: Robert Komin, Jr.
Title: Chief Financial Officer

[Signature Page to First Amendment (A&R AF Credit Agreement)]

INVESTEC BANK PLC,
as Administrative Agent

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

INVESTEC BANK PLC,
as Issuing Bank

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

INVESTEC BANK PLC,
as Lender

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

**KEYBANK
ASSOCIATION,**
as Lender

NATIONAL

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

SUNTRUST BANK,
as Lender

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

SILICON VALLEY BANK,
as Lender

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

**HSBC BANK USA, NATIONAL
ASSOCIATION**
as Lender

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

ING CAPITAL LLC,
as Lender

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

**SUNRUN GAIA PORTFOLIO 2016-A,
LLC,**

as Lender

By: Sunrun Gaia Portfolio 2016, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name: Robert Komin, Jr.
Title: Chief Financial Officer

[Signature Page to First Amendment (A&R AF Credit Agreement)]

**MIGDAL MAKEFET PENSION AND
PROVIDENT FUNDS LTD.,**

as Lender

By:

Name

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

ABN AMRO CAPITAL USA LLC,

as Lender

By:

Name

Title:

[Signature Page to First Amendment (A&R AF Credit Agreement)]

ATTACHMENT A

Schedule 1.01(c)

**Documents Pursuant to Which Projects Owned
by a Wholly Owned Opco Were Originally Purchased**

Documents for Hera 2017 Owner:

Limited Liability Company Agreements	<ol style="list-style-type: none">1. Amended and Restated Limited Liability Company Agreement of Sunrun [***] Solar LLC (“[***] Solar”), dated as of [***], as amended [***], [***], [***], [***], and [***]2. Operating Agreement of Sunrun [***] Owner [***], LLC (“Owner [***]”), dated as of [***], as amended [***], [***],3. Operating Agreement of Sunrun Solar [***], LLC, dated as of [***], as amended [***], [***], [***], [***], and [***]
Master Purchase Agreements	<ol style="list-style-type: none">1. Master Purchase Agreement, dated as of [***], by and between the Sponsor and [***] Solar2. Master Purchase Agreement, dated as of [***], by and between the Sponsor and Owner [***]

ATTACHMENT B

Exhibit P
Form of Wholly Owned Opco Certificate

WHOLLY OWNED OPCO CERTIFICATE

[____], 20__¹

INVESTEC BANK PLC
2 Gresham Street
London, EC2V 7QP
United Kingdom
Attention: Global Lending Operations cc Shelagh Kirkland

Re: Sunrun Hera Portfolio 2015-A, LLC

Ladies and Gentlemen:

This certificate (this “Wholly Owned Opco Certificate”) is delivered to you pursuant to Section 2.05(d) of that certain Amended and Restated Credit Agreement, dated as of June 23, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Hera Portfolio 2015-A, LLC, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), Investec Bank PLC, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”) and Investec Bank PLC, as Issuing Bank. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

The Borrower hereby certifies to the Administrative Agent that, as of the date hereof and the date of the proposed [acquisition][formation] (such [acquisition][formation] date, the “Addition Date”) of [the Wholly Owned Holdco (which owns or will own Wholly Owned Opco Membership Interests) (the “Target Holdco”) and] the Wholly Owned Opco (the “Target Opco”):

- (1) Attached hereto as Appendix A is a true, correct and complete copy of each of the following documents (including all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters) for the Target Opco:
 - a. Wholly Owned Opco Limited Liability Company Agreement;

¹ To be delivered at least ten (10) Business Days prior to the proposed date of acquisition or formation of the Wholly Owned Holdco or Wholly Owned Opco

- b. [Master Purchase Agreement];²
 - c. [Master Lease];³ and⁴
 - d. Wholly Owned Opco O&M Agreement.
- (2) Unless the Target Opco is being acquired pursuant to Section 2.05(d)(ii)(B) of the Credit Agreement, the Target Opco was a Tax Equity Opco that met the Tax Equity Characteristics prior to the proposed indirect acquisition thereof by the Borrower.
- (3) Attached hereto as Appendix C are updates to (a) Schedule 1.01(a) of the Credit Agreement that includes all Wholly Owned Opco Documents of the new Relevant Parties, (b) if the Target Opco is being acquired pursuant to Section 2.05(d)(ii)(B) of the Credit Agreement, Schedule 1.01(c) of the Credit Agreement that includes all documents referred to in clause (i) of the definition of “Tax Equity Documents” pursuant to which one or more Projects now owned by the Target Opco were first acquired, (c) Schedules 5.03(e) and 5.03(f) of the Credit Agreement that include each new Relevant Party, (d) Schedule A of the Credit Agreement that includes any Project Information in respect of the new Relevant Parties and (e) Schedule 6 of the Pledge and Security Agreement which includes the [Target Holdco] [Target Opco] as a “Pledged Ownership Entity”.
- (4) Attached hereto as Appendix D-1 is a draft of [an Accession Agreement to the Wholly Owned Opco Guaranty and Security Agreement] [a Wholly Owned Opco Guaranty and Security Agreement] which shall be duly executed and delivered by the Target Opco on the Addition Date that, solely with respect to the making of this representation and warranty as of the Addition Date, shall also have been executed by the Administrative Agent and the Collateral Agent on the Addition Date.
- (5) [Attached hereto as Appendix D-2 is a draft of [an Accession Agreement to the Wholly Owned Holdco Guaranty and Security Agreement][a Wholly Owned Holdco Guaranty and Security Agreement] which shall be duly executed and delivered by the Target Holdco on the Addition Date that, solely with respect to the making of this representation and warranty as of the Addition Date, shall also have been executed by the Administrative Agent and the Collateral Agent on the Addition Date.]⁴
- (6) Attached hereto as Appendix D-3 are true, correct and complete copies of certificates representing all of the Membership Interests in the Target Opco [and the Target Holdco]⁵ (in each case, in the form required by the applicable limited liability company agreement) accompanied by undated stock powers executed in blank and instruments evidencing any

² To be included for the indirect acquisition of a Wholly Owned Opco that was part of Partnership Flip Fund prior to the proposed indirect acquisition thereof by the Borrower.

³ To be included for the indirect acquisition of a Wholly Owned Opco that was part of an Inverted Lease Fund prior to the proposed indirect acquisition thereof by the Borrower.

⁴ To be included for the acquisition or formation of a Wholly Owned Holdco.

⁵ To be included for the acquisition or formation of a Wholly Owned Holdco.

pledged debt indorsed in blank. As of the Addition Date, the originals of each of the foregoing shall be delivered to the Collateral Agent.

- (7) Attached hereto as Appendix D-4 are true, correct and complete copies of proper Financing Statements in form appropriate for filing under the applicable Uniform Commercial Code in order to perfect the Liens created under the Collateral Documents (covering the Collateral described therein) with respect to the Target Opco [and the Target Holdco]⁶.
- (8) Attached hereto as Appendix D-5 are the results of a recent lien search in each of the jurisdictions in which UCC financing statement or other filings or recordations should be made to evidence or perfect security interests in all assets other than Excluded Property of the current owner of the Membership Interests of the Target Opco [and the Target Holdco, all assets other than Excluded Property of the Target Holdco]⁷ and all assets other than Excluded Property of the Target Opco. Such search reveals no Liens on the Membership Interests in the Target Opco [or the Target Holdco, any assets of the Target Holdco]⁸ or any assets of the Target Opco.
- (9) Attached hereto as Appendix D-6 is a draft of an Account Control Agreement in respect of each account maintained by the Target Opco which shall be duly executed and delivered by the Target Opco that, solely with respect to the making of this representation and warranty as of the Addition Date, shall also have been executed by the Collateral Agent and an Acceptable Bank on the Addition Date.
- (10) Attached hereto as Appendix D-7 is a draft of a [Wholly Owned Opco Back-Up Servicing Agreement][Wholly Owned Opco Transition Management Agreement] which shall be duly executed and delivered by the [Back-Up Servicer][Transition Manager], the Target Opco and the Operator that, solely with respect to the making of this representation and warranty as of the Addition Date, shall also have been executed by the Administrative Agent and the Other Administrative Agent on the Addition Date.
- (11) Attached hereto as Appendix E are true, correct and complete copies of resolutions of the new Relevant Parties and the Sponsor authorizing the execution delivery and performance of the Portfolio Documents and evidencing the identity, authority and capacity of each Authorized Officer thereof authorized to act as an Authorized Officer in connection with the Portfolio Documents to which any new Relevant Party is a party or is to be a party.
- (12) Attached hereto as Appendix F are true, correct and complete copies of customary insurance certificates [and [*described any additional evidence provided*]], demonstrating that all insurance required to be obtained and maintained pursuant to the Loan Documents has been obtained and all premiums thereon have been paid in full or are not in arrears.

⁶ To be included for the acquisition or formation of a Wholly Owned Holdco.

⁷ To be included for the acquisition or formation of a Wholly Owned Holdco.

⁸ To be included for the acquisition or formation of a Wholly Owned Holdco.

- (13) Attached hereto as Appendix G is a copy of each item described in Sections 9.01(a)(xiv) and (xv) of the Credit Agreement with respect to the Sponsor, the Borrower[, the Target Holdco]⁹ and the Target Opco;
- (14) Attached as Appendix H are drafts of the favorable opinions of counsel to the Borrower and the new Relevant Parties (which opinion shall be delivered on the Addition Date and shall either be in the form of the opinions delivered on the Closing Date or such other form reasonably acceptable to the Administrative Agent (acting in consultation with counsel)) in relation to the Loan Documents, addressed to the Administrative Agent and each Secured Party from:
- a. Wilson Sonsini Goodrich & Rosati P.C. (or other counsel previously approved by the Administrative Agent), counsel for the Borrower and the new Relevant Parties, including opinions regarding the attachment, perfection of security interests in Collateral with respect to the new Relevant Parties and corporate matters (including, without limitation, enforceability, no consents, no conflicts with the Limited Liability Company Agreements of the new Relevant Parties and Investment Company Act matters) with respect to the new Relevant Parties; and
 - b. an in-house opinion from counsel of the Sponsor with respect to the new Relevant Parties, including opinions regarding corporate matters and no conflicts with organizational documents of the new Relevant Parties, and other material contracts binding on the new Relevant Parties or the Borrower in relation to the new Relevant Parties.
- (15) [Attached hereto as Appendix I are true, correct and complete copies of all consents, licenses and approvals required in connection with the granting of the Liens under the Collateral Documents and the execution delivery and performance of the Portfolio Documents and the validity against the Sponsor and each new Relevant Party of the Portfolio Documents to which it is a party, and such consents, licenses and approvals are in full force and effect and not subject to appeal.][No consents, licenses or approvals are required in connection with the granting of the Liens under the Collateral Documents and the execution delivery and performance of the Portfolio Documents and the validity against the Sponsor and each new Relevant Party of the Portfolio Documents to which it is a party.]
- (16) Attached hereto as Appendix J is a true, correct and complete copy of the Base Case Model demonstrating compliance with the Available Borrowing Base.
- (17) As of the Addition Date, the Lender Parties have received all documentation and other information required by regulatory authorities under the applicable “know your customer” and Anti-Money Laundering Laws, including the PATRIOT Act.
- (18) As of the Addition Date, all Additional Expenses due and payable as of such date shall have been paid in full by the Borrower and all other costs and expenses required to be paid per

⁹ To be included for the acquisition or formation of a Wholly Owned Holdco.

Section 4.07 of the Credit Agreement for which evidence has been presented (including, as applicable, third-party fees and out-of-pocket expenses of lenders counsel, the Insurance Consultant, Independent Engineer, Model Auditor and other advisors or consultants retained by the Administrative Agent).

- (19) The representations and warranties of the Sponsor and the Relevant Parties contained in Article V of the Credit Agreement, or which are contained in any document furnished at any time under or in connection therewith (including the Portfolio Documents submitted in connection with this Wholly Owned Opco Certificate), are true and correct on and as of the date hereof and the date of the proposed Addition Date, except (a) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date or (b) to the extent that such representations and warranties refer solely to the Addition Date, in which case they shall be true and correct solely as of the Addition Date.
- (20) If the Target Opco is being acquired pursuant to Section 2.05(d)(ii)(B) of the Credit Agreement, true and correct copies of each document referred to in clause (i) of the definition of “Tax Equity Documents” pursuant to which one or more Projects now owned by the Target Opco were first acquired have been delivered to the Administrative Agent.
- (21) No action or proceeding has been instituted or threatened in writing by any Governmental Authority against the Sponsor or any Relevant Party that seeks to impair, restrain prohibit or invalidate the transactions contemplated by the Credit Agreement, the other Loan Documents, the Portfolio Documents or regarding the effectiveness or validity of any required Permits.
- (22) No Default or Event of Default exists, or would result from the proposed [acquisition][formation] of the Target Opco [or the Target Holdco].
- (23) The Cash Available for Debt Service included under the Base Case Model does not include cash flows from any Project that is not an Eligible Project.
- (24) After giving effect to the proposed [acquisition][formation] of the Target Opco [and the Target Holdco], the Borrower and the Subsidiaries are and will be solvent.
- (25) There has been no event or circumstance since *[insert date of the most recent audited financial statements of the Sponsor delivered pursuant to either Section 6.01(a) or Section 9.01(a)(xii) of the Credit Agreement]* that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.
- (26) The Major Maintenance Reserve Account is funded in the required amount in accordance with the Depository Agreement.
- (27) The Target Opco has no obligations or liabilities (contingent or otherwise) to any Person other than pursuant to the Portfolio Documents [and the Target Holdco has no obligations

or liabilities (contingent or otherwise) to any Person other than pursuant to the Portfolio Documents]¹⁰.

[remainder of page intentionally blank]

¹⁰ To be included for the acquisition or formation of a Wholly Owned Holdco.

Exhibit P – 6

IN WITNESS WHEREOF, the Borrower has caused this Wholly Owned Opco Certificate to be duly executed and delivered as of the date first written above.

BORROWER:

**SUNRUN HERA PORTFOLIO 2015-A,
LLC**

By:

Name

Title:

Exhibit P – 7

CPAM: 13156432.3

CREDIT AGREEMENT

among

SUNRUN SCORPIO PORTFOLIO 2017-A, LLC,
as Borrower,

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent,

KEYBANK NATIONAL ASSOCIATION,
as LC Issuer,

and

The Lenders From Time to Time Party Hereto

dated as of October 20, 2017

KEYBANC CAPITAL MARKETS, INC. and
ING CAPITAL LLC
Coordinating Lead Arrangers

SILICON VALLEY BANK,
DEUTSCHE BANK SECURITIES INC., AND
CDPQ AMERICAN FIXED INCOME V INC.
Joint Lead Arrangers

KEYBANC CAPITAL MARKETS, INC.,
ING CAPITAL LLC, and
SILICON VALLEY BANK
Joint Bookrunners

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CREDIT AGREEMENT, dated as of October 20, 2017 (this “Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party hereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as Administrative Agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”) and KeyBank National Association, as LC Issuer.

RECITALS

WHEREAS, Sunrun Inc., a Delaware corporation (the “Sponsor”) owns 100% of the membership interests in Sunrun Scorpio Holdco 2017, LLC, a Delaware limited liability company (“Intermediate Holdco”);

WHEREAS, Intermediate Holdco owns 100% of the membership interests in Sunrun Scorpio Portfolio 2017-B, LLC, a Delaware limited liability company (the “Pledgor”);

WHEREAS, the Pledgor owns 100% of the Borrower Membership Interests;

WHEREAS, the Borrower owns 100% of the membership interests in each of the Tax Equity Holdcos listed on Schedule 5.03(e);

WHEREAS, each of the Tax Equity Holdcos listed on Schedule 5.03(e) directly or indirectly owns 100% of the class B membership interests in each of the applicable Tax Equity Opcos listed on Schedule 5.03(e);

WHEREAS, each of the Opcos listed on Schedule 5.03(e) owns or will own certain residential photovoltaic systems that are the subject of a Customer Agreement, whereby the Customer thereunder either purchases Energy produced by the system or leases the system; and

WHEREAS, the Borrower desires that the Delayed Draw Lenders make one or more loans in an aggregate principal amount not to exceed the Delayed Draw Loan Commitment, and the LC Lenders and the LC Issuer provide the other financial accommodation contemplated herein, secured and/or supported, as applicable, by, among other things, the Cash Diversion Guaranty, a guaranty from each Guarantor and all other assets of the Guarantors and Membership Interests of the Subsidiaries, as set forth herein and in the other Loan Documents.

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements, and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower, the Administrative Agent and the Lenders hereby agree as follows:

ARTICLE I DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions. Except as otherwise specified in this Agreement or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Agreement (including in the recitals hereto).

“Acceptable Audit Election Provision” means, with respect to a Tax Equity Fund, a provision contained in the applicable Tax Equity Limited Liability Company Agreement that provides, if such Tax Equity Fund receives a notice of final partnership administrative adjustment that would, with the passing of time, result in an “imputed underpayment” imposed on such Tax Equity Fund as that term is defined in Code Section 6225, then, any member may, or may cause such Tax Equity Fund (by directing the “tax representative” or otherwise), and no other member shall have any right to block such member’s request, (x) to elect pursuant to Code Section 6226 (as amended by the Budget Act) to make inapplicable to such Tax Equity Fund the requirement in Code Section 6225 (as amended by the Budget Act) to pay the “imputed underpayment” as that term is used in that section and (y) to comply with all of the requirements and procedures required in connection with such election.

“Acceptable Bank” shall mean any bank, trust company or other financial institution which is organized or licensed under the applicable Laws of the United States of America or any state, province or territory thereof which has a tangible net worth of at least five hundred million Dollars (\$500,000,000) and has at least two of the following Credit Ratings: “A-” or better by S&P, “A3” or better by Moody’s and “A-” or better by Fitch.

“Acceptable DSR Guarantee” shall have the meaning given to it in the Depository Agreement.

“Acceptable DSR Letter of Credit” has the meaning given to it in the Depository Agreement.

“Accession Agreement” shall have the meaning given to it in the applicable Collateral Document.

“Account Control Agreement” shall mean each blocked account control agreement entered into after the Closing Date by the relevant Wholly Owned Opco, the Collateral Agent and an Acceptable Bank, including any standing instructions in respect thereof delivered by, or at the request of, any Agent.

“Additional Expenses” shall mean indemnification payments to the Agents, the Lenders, the Depository Bank, and certain other persons related to the same as described under the Loan Documents. For the avoidance of doubt, Additional Expenses shall not include Service Fees or amounts payable to the Manager under the Management Agreement.

“Administrative Agent” shall have the meaning given to it in the preamble hereto, and include any successor Administrative Agents pursuant to Section 11.06.

“Administrative Agent DSCR Comments” shall have the meaning given to it in Section 6.01(a)(v).

“Administrative Agent’s Office” shall mean the Administrative Agent’s address and, as appropriate, account as set forth on Schedule IV, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

“Administrative Questionnaire” shall mean an administrative questionnaire in the form furnished by the Administrative Agent.

“Advance Date” shall have the meaning given to it in Section 2.01(c).

“Advance Rate” shall mean 0.68; provided that, after the expiration of the Availability Period, the Advance Rate as of each Available Borrowing Base Determination Date occurring in connection with the consummation of each Permitted Fund Disposition shall be reduced to the product of:

(x) the Amortization Factor as of such Available Borrowing Base Determination Date; and

(y) a fraction the numerator of which is the lesser of (i) the Available Borrowing Base and (ii) the actual outstanding amount of Delayed Draw Loans, and the denominator of which is the Portfolio Value, with each of the amounts in this clause (y) being determined as of the last day of the Availability Period.

[***]

“Affiliate” shall mean, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” shall have meanings correlative to the foregoing. For the avoidance of doubt, each of the Relevant Parties shall be an Affiliate of the other Relevant Parties and the Sponsor. In no event shall (i) the Administrative Agent be considered an Affiliate of another Person solely because any Loan Document contemplates that it shall act at the instruction of any such Person or such Person’s Affiliate or (ii) a Tax Equity Class A Member be considered an Affiliate of a Relevant Party solely because of its ownership in a Tax Equity Opco.

“Affiliated Lender” shall have the meaning given to it in Section 12.05(b)(vii).

“Affiliate Transaction” shall have the meaning given to it in Section 7.16.

“Agent” shall mean, collectively, the Administrative Agent, the Collateral Agent and the Depository Bank.

“Agreement” shall have the meaning given to it in the preamble hereto.

“Amortization Factor” shall mean a fraction, as of any Available Borrowing Base Determination Date, the numerator of which is equal to the lesser of (a) the actual outstanding amount of Delayed Draw Loans as of such Available Borrowing Base Determination Date prior to giving effect to the prepayment of Loans on such Available Borrowing Base Determination Date pursuant to Section 4.03(d), and (b) the outstanding amount of Delayed Draw Loans as of such Available Borrowing Base Determination Date per the most recent Amortization Schedule and the

denominator of which is equal to the lesser of (x) the Available Borrowing Base and (y) the actual outstanding amount of Delayed Draw Loans, each of the amounts in the denominator being determined as of the last day of the Availability Period.

“Amortization Schedule” shall mean an amortization schedule prepared in accordance with the Base Case Model, approved by the Administrative Agent and contained and updated (as necessary to take into account the reduction of principal in connection with any voluntary prepayment or mandatory prepayment on the Delayed Draw Loans pursuant to Section 4.02 or Section 4.03 occurring since the preparation of the last Amortization Schedule) in each Available Borrowing Base Certificate delivered in connection with each Available Borrowing Base Determination Date.

“Ancillary Services” means any product or right generated or created by, associated with or appurtenant to (a) the Energy generated by a Project or (b) the Capacity Attributes of a Project, but excluding RECs, Capacity Attributes and Energy. By way of example, “Ancillary Services” may include scheduling, system control and dispatch, reactive supply and voltage control, regulation and frequency response, energy imbalance and operating reserves.

“Annual Tracking Model” shall have the meaning given to it in Section 6.01(c)(i).

“Anti-Corruption Laws” shall have the meaning given to it in Section 5.21(c).

“Anti-Money Laundering Laws” shall have the meaning given to it in Section 5.21(b).

“Applicable Interest Rate” means (a) for any LIBO Loan, during each Interest Period applicable thereto, the per annum rate equal to the sum of the LIBO Rate for such Interest Period plus the Applicable Margin or (b) for any Base Rate Loan, on any day, the per annum rate equal to the sum of the Base Rate for such day plus the Applicable Margin.

“Applicable Margin” shall mean:

- (a) from the Closing Date until October 31, 2021, (i) 2.75% per annum for LIBO Loans and (ii) 1.75% for Base Rate Loans; and
- (b) from and after October 31, 2021, (i) 3.00% per annum for LIBO Loans and (ii) 2.00% for Base Rate Loans.

“Approved Fund” shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Approved Manufacturer” shall mean:

- (a) with respect to each Project purchased or leased by any Opco and with respect to non-warranty replacements of panels, inverters or batteries, each manufacturer either (i) on the Approved Vendor List or (ii) that manufactured the panels, inverters or batteries for any Project in

the Project Pool; provided, that, notwithstanding the immediately preceding clause (ii), in no event shall the Portfolio Value attributable to Projects containing either panels, inverters or batteries from manufacturers that are not on the Approved Vendor List exceed [***] percent [***] of the Portfolio Value; and

(b) with respect to warranty replacements of panels, inverters or batteries of each Project, the original manufacturer of the panels, inverters or batteries being replaced, as applicable.

“Approved Vendor List” shall mean the panel, inverter and battery manufacturers set forth on Schedule 1.01(b) hereto, as such schedule may be modified from time to time by the Borrower subject to the approval of the Administrative Agent in consultation with the Independent Engineer.

“Assets” shall mean, with respect to any Person, all right, title and interest of such Person in land, properties, buildings, improvements, fixtures, foundations, assets and rights of any kind, whether tangible or intangible, real, personal or mixed, including contracts, equipment, systems, books and records, proprietary rights, intellectual property, Permits, rights under or pursuant to all warranties, representations and guarantees, cash, accounts receivable, deposits and prepaid expenses.

“Assignment and Assumption” shall mean an assignment and assumption entered into by a Lender and an assignee lender (with the consent of any party whose consent is required by Section 12.05), and accepted by the Administrative Agent, in substantially the form of Exhibit B or any other form approved by the Administrative Agent.

“Authorized Officer” shall mean in relation to any Relevant Party or the Sponsor (as applicable) (i) for so long as the Management Agreement is in full force and effect, any officer of the Manager who is authorized to act for the Manager in matters relating to the Borrower and the Subsidiaries and to be acted upon by the Manager pursuant to the Management Agreement, and who is identified on the list of Authorized Officers delivered by the Borrower to the Administrative Agent on the Closing Date (as such list may be modified or supplemented from time to time thereafter by delivery to the Administrative Agent of a duly executed Officer’s Certificate and an incumbency certificate of the Borrower) and (ii) any director, member or officer who is a natural Person authorized to act for or on behalf of the applicable Relevant Party or the Sponsor (as applicable) in matters relating to such Relevant Party or the Sponsor (as applicable) and who is identified on the list of Authorized Officers delivered by such Relevant Party or the Sponsor (as applicable) to the Administrative Agent on the Closing Date (as such list may be modified or supplemented from time to time thereafter by delivery to the Administrative Agent of a duly executed Officer’s Certificate and an incumbency certificate of such Relevant Party or the Sponsor).

“Available Borrowing Base” shall mean, as of any date of determination, the lesser of (a) the Advance Rate multiplied by the Portfolio Value, in each case as of such date of determination and (b) the maximum amount of Delayed Draw Loans that, in accordance with the Base Case Model (as updated as of the date of determination), will allow for (x) a projected rolling 12-month minimum and average Debt Service Coverage Ratio of at least 1.45 to 1.00 for the period commencing on the day after the next Calculation Date and ending on the last day of the Availability Period, and (y) a projected rolling 12-month minimum and average Debt Service Coverage Ratio (assuming the

Obligations are repaid in full in accordance with the most recent Amortization Schedule) of at least 1.45 to 1.00 for the period commencing on the day after the end of the Availability Period and ending on or prior to the then applicable Customer Agreement Termination Date.

“Available Borrowing Base Certificate” shall mean a certificate from an Authorized Officer in the form of Exhibit A-2, containing the calculation of the Available Borrowing Base as of each Available Borrowing Base Determination Date.

“Available Borrowing Base Determination Date” shall mean each date as of which the Available Borrowing Base is required to be calculated hereunder as provided in Section 2.01(c) and Section 6.25 and in the definition of Permitted Fund Disposition.

“Availability Period” shall mean the period beginning on the Closing Date and ending on July 20, 2018.

“Back-Up Servicer” shall mean [***] or any entity designated as a “Back up Servicer” by the Borrower on Schedule 1.01(a), and any such Person’s successors and assigns as Back-Up Servicer under each applicable Back-Up Servicing Agreement.

“Back-Up Servicing Agreement” shall mean, collectively, (i) any Wholly Owned Opco Back-Up Servicing Agreement and (ii) any Tax Equity Back-Up Servicing Agreement.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” shall mean Title 11 of the United States Code, as amended from time to time, and all rules and regulations promulgated thereunder.

“Base Case Model” shall mean the comprehensive long-term financial model attached as Exhibit I to this Agreement, reflecting among other things (i) quarterly payment periods ending on each Payment Date and (ii) the projected Cash Available for Debt Service from the Eligible Projects in the Project Pool and Debt Service after giving effect to the transactions contemplated by the Transaction Documents, the making of the Loans, the Secured Hedging Interest Rate Agreements and changes to market interest rates, covering the period from the Closing Date until the then applicable Customer Agreement Termination Date. All amounts determined in accordance with the Base Case Model shall be determined assuming a P50 Production and shall take into account (i) only Eligible Revenues and (ii) all Operating Expenses with respect to the Project Pool. The Base Case Model shall be updated as of each Available Borrowing Base Determination Date hereunder in a form and substance reasonably satisfactory to the Administrative Agent and in accordance with such assumptions and formulae as contained in the initial model except to the extent required to be updated for any change affecting Cash Available for Debt Service. Notwithstanding the foregoing,

if the remaining present value of Cash Available for Debt Service (calculated using the same discount value as used in the calculation of Portfolio Value) from the portion of the Project Pool consisting of Pre-PTO Eligible Projects (the “Pre-PTO Eligible Project Net Cash Flow”) is greater than twenty-five percent (25%) of the Portfolio Value (determined without regard to this sentence), then for purposes of calculating the Available Borrowing Base (including for the avoidance of doubt, with respect to both clauses (a) and (b) of such definition) in accordance with the Base Case Model, the Pre-PTO Eligible Project Net Cash Flow shall be deemed to be reduced in a sufficient amount so that the amount thereof does not exceed 25% of the Portfolio Value.

“Base Rate” means, for any day, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate and (c) the LIBO Rate plus 1.00%, in each case as in effect for such day (or, if such day is not a Business Day, on the immediately preceding Business Day).

“Base Rate Loan” means any Loan that bears interest at rates based upon the Base Rate.

“Blocked Person” shall mean any Person that is: (i) listed on, or owned or controlled by a person listed on, a Sanctions List, (ii) a government of a Sanctioned Country, (iii) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country, (iv) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country or (v) to the Knowledge of the Borrower (acting with due care and inquiry), otherwise a target of Sanctions.

“Borrower” shall have the meaning given to it in the preamble.

“Borrower Membership Interests” shall mean all of the outstanding limited liability company interests issued by the Borrower (including all Economic Interests and Voting Rights).

“Borrowing” means Loans of the same Type made, converted or continued on the same date and, in the case of LIBO Loans, as to which a single Interest Period is in effect.

“Borrowing Notice” shall mean a request for a Loan by the Borrower substantially in the form of Exhibit A-1.

“Budget Act” means the Bipartisan Budget Act of 2015 (P.L. 114-74).

“Business Day” shall mean any day other than (a) a Saturday, (b) a Sunday, (c) a legal holiday in London, England, the State of New York, the State of California, Cleveland, Ohio or the jurisdiction where the Administrative Agent’s Office is located or (d) any day on which commercial banks and the U.S. Federal Reserve Bank are authorized or required to be closed in any of the foregoing states.

“Calculation Date” shall mean each March 31, June 30, September 30 and December 31 of each year falling after the date hereof; provided, that, for the avoidance of doubt, the first Calculation Date shall occur on December 31, 2017.

“Capacity Attributes” means any and all current or future defined capacity characteristics, certificates, tags, credits or accounting constructs, howsoever entitled, including any accounting construct counted toward any resource adequacy requirements, attributed to or associated with a Project or any unit of generating capacity of a Project.

“Capital Stock” shall mean:

- (a) in the case of a corporation, corporate stock;
- (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person including, all warrants, options or other rights to acquire any of the foregoing.

“Cash Available for Debt Service” shall mean, in respect of any (a) past period, the amount of Operating Revenues received during such period less Operating Expenses paid during such period or (b) any future period, the amount of Operating Revenues projected to be received during such period less Operating Expenses projected to be paid during such period.

“Cash Collateralize” shall mean, in respect of the Letter of Credit, the deposit of immediately available funds into a cash collateral account maintained with (or on behalf of) the Collateral Agent on terms satisfactory to the Administrative Agent and LC Issuer, in an amount equal to one hundred three percent (103%) of the Stated Amount of such Letter of Credit.

“Cash Diversion Guaranty” shall mean the Cash Diversion Guaranty executed by the Sponsor on the Closing Date in favor of the Administrative Agent for the benefit of the Secured Parties.

“Cash Flows” shall have the meaning given to the term “Available Cash Flows”, “Cash Flows” or to any other similarly defined term in the applicable Limited Liability Company Agreement of a Tax Equity Opco.

“Change of Control” shall occur if (a) the Sponsor ceases to indirectly beneficially own and control at least 50.1% of all of the outstanding membership interests issued by the Pledgor (including all Economic Interests and Voting Rights); (b) the Pledgor ceases to directly beneficially own and control 100% of the outstanding Borrower Membership Interests; (c) the Borrower ceases to directly or indirectly (as described on Schedule 5.03(e)) beneficially own and control 100% of any outstanding Tax Equity Holdco Membership Interests or Wholly Owned Holdco Membership Interests; (d) any Tax Equity Holdco ceases to directly or indirectly (as described on Schedule 5.03(e)) beneficially own and control 100% of the outstanding applicable Tax Equity Class B Membership Interests; or (e) any Wholly Owned Holdco ceases to directly beneficially own and

control 100% of the outstanding applicable Wholly Owned Opco Membership Interests unless, in the case of clauses (c), (d) or (e), such Membership Interests are released in accordance with Section 7.03 in connection with a Permitted Fund Disposition.

Notwithstanding the foregoing, any Change of Control occurring solely as a result of the exercise of remedies by the Other Lenders (or the Other Collateral Agent on their behalf) under the Other Loan Documents, including in connection with a foreclosure (whether judicial or non-judicial) on, or other sale of, all of the Capital Stock in the Pledgor, shall not be considered a “Change of Control” for purposes of this definition; provided that (i) exercise of such remedies is permitted under the applicable Tax Equity Documents and (ii) any transfer of the Capital Stock in the Pledgor is to the Other Collateral Agent, an Other Lender or an Other Lender Controlled Transferee (each, a “Foreclosure Transferee”).

A “Change of Control” shall be deemed to occur (A) on any subsequent transfer of the Capital Stock in the Pledgor by a Foreclosure Transferee to a third party or (B) if, subsequent to an exercise of remedies by the Other Lenders as described in the foregoing paragraph, the Other Lenders, in the aggregate, shall otherwise fail to indirectly beneficially own and control at least 51% of the Borrower Membership Interests; provided, that no Change of Control shall be deemed to have occurred pursuant to this paragraph if (i) such transfer is permitted under the Tax Equity Documents and (ii) the Person other than the Other Lenders maintaining such interests in the Pledgor is a Qualified Owner.

“Change of Law” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) all requests, rules, guidelines or directives issued under or in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change of Law”, regardless of the date enacted, adopted or issued.

“Claims” shall have the meaning given to it in Section 6.12(a).

“Class” shall have the meaning set forth in Section 1.04 of the Agreement.

“Closing” shall mean the funding of the Delayed Draw Loans on the Closing Date pursuant to Section 2.01.

“Closing Date” shall mean the date on which all conditions precedent set forth in Section 9.01 have been satisfied or waived in writing by the Administrative Agent (acting on the instructions of all Lenders and the LC Issuer).

“Closing Date Funds Flow Memorandum” shall have the meaning given to it in the Depository Agreement.

“Closing Date Tax Equity Model” means the applicable financial model for a Tax Equity Fund most-recently delivered to the Administrative Agent and the Lenders prior to the Closing Date.

“Code” shall mean the United States Internal Revenue Code of 1986, and the regulations promulgated thereto, all as amended or as may be amended from time to time.

“Collateral” shall have the meaning given to the terms “Collateral”, “Depository Collateral”, “Collateral Account” and “Pledged Collateral”, as applicable, in the Collateral Documents all of which collectively constitute the “Collateral”.

“Collateral Accounts” shall have the meaning given to it in the Depository Agreement.

“Collateral Agency Agreement” shall mean the Collateral Agency and Intercreditor Agreement dated as of the Closing Date, among the Borrower, the Administrative Agent, the Collateral Agent and each other Secured Party party thereto from time to time, and each Accession Agreement thereto.

“Collateral Agent” shall mean Deutsche Bank Trust Company Americas, and its successors and assigns in such capacity.

“Collateral Documents” shall mean, collectively, the Pledge Agreement, the Pledge and Security Agreement, the Cash Diversion Guaranty, any Wholly Owned Opco Guaranty and Security Agreements, any Holdco Guaranty and Security Agreements, the Collateral Agency Agreement, the Depository Agreement, any Account Control Agreements, the Management Consent Agreement, any Accession Agreement, and each other collateral document, pledge agreement or standing instruction delivered to the Administrative Agent pursuant to Section 9.01(a), any other document or agreement that creates or purports to create a Lien in favor of the Collateral Agent for the benefit of the Lender Parties and all UCC or other financing statements, instruments or perfection and other filings, recordings and registrations required to be filed or made in respect of any of the foregoing.

“Collections” shall mean without duplication (i) with respect to the Wholly Owned Opcos, the related (A) Rents and PBI Payments, including all scheduled payments and prepayments under any Customer Agreement or PBI Document, (B) pending assumption of a Customer Agreement relating to a Project, payments of Rent relating to such Project by lenders with respect to, or subsequent owners of, the property where such Project has been installed, (C) proceeds of the sale, assignment or other disposition of any Collateral, (D) insurance proceeds and proceeds of any warranty claims arising from manufacturer, installer, vendor and other warranties, in each case, with respect to any Projects, (E) all recoveries including all amounts received in respect of litigation settlements and work-outs, (F) all purchase and lease prepayments received from a Customer with respect to any Project, and (G) all other revenues, receipts and other payments to such Wholly Owned Opcos of every kind whether arising from their ownership, operation or management of the Projects, but excluding the Excluded Property, (ii) with respect to any Tax Equity Holdco, all distributions with respect to the Tax Equity Class B Membership Interests, but excluding Excluded

Property and all revenues and proceeds received by the Borrower in respect of the sale, transfer or other disposition of Capacity Attributes and Ancillary Services in accordance with Section 7.09(c), (iii) amounts contributed or otherwise paid by the Sponsor to the Borrower (including under the Cash Diversion Guaranty), and (iv) interest earned on amounts deposited in the Collateral Accounts during the relevant period.

“Collections Account” shall have the meaning given to it in the Depository Agreement.

“Commitment” shall mean, as to each Lender, the aggregate of such Lender’s Delayed Draw Loan Commitment and LC Commitment.

“Competitor” shall mean a Person that is in the business of developing, owning, installing, constructing or operating solar equipment and providing solar electricity from such solar equipment to residential customers located in jurisdictions where the Sponsor or any Subsidiary are then doing business, primarily through power purchase agreements, customer service or lease agreements or capital loan products and not through direct sales of solar panels or any Affiliate of such a Person, but shall not include any back-up servicer (including [***]), any transition manager (including [***]) or any Person engaged in the business of making passive ownership or tax equity investments in such solar equipment and associated businesses so long as such Person has in place procedures to prevent the distribution of confidential information that is prohibited under this Agreement.

“Confidential Information” shall have the meaning given to it in Section 12.11.

“Consequential Losses” shall have the meaning given to it in Section 4.07(e).

“Coordinating Lead Arrangers” shall mean KeyBanc Capital Markets, Inc. and ING Capital LLC.

“Credit Rating” shall mean, with respect to any Person, the rating by S&P, Moody’s, Fitch or any other rating agency agreed to by the Parties then assigned to such Person’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such Person as an issuer rating by S&P, Moody’s, Fitch or any other rating agency agreed by the Parties.

“Credit Requirements” shall mean, with respect to any Person, that such Person has at least one of the following Credit Ratings: (a) “Baa2” or higher from Moody’s, (b) “BBB” or higher from S&P or (c) “BBB” or higher from Fitch.

“Customer” shall mean a Person party to a Customer Agreement who leases, or agrees to purchase Energy produced by, a Project.

“Customer Agreement” shall mean those power purchase agreements or customer lease agreements (together with all ancillary agreements and documents related thereto, including any assignment agreement to a replacement Customer) with respect to a Project between a Tax Equity Opco or a Wholly Owned Opco, as owner or lessor, and a Customer, whereby the Customer agrees

to purchase the Energy produced by the related Project for a fixed fee per kWh, or agrees to lease the Project for monthly lease payments, as applicable, in each case for a specified term of years.

“Customer Agreement Termination Date” shall mean, as of any date of determination, the last scheduled expiration date of the Customer Agreements of the Eligible Projects in the Project Pool as of such date of determination, in each case, excluding any renewal or extension of any Customer Agreement.

“Customer Prepayment Event” shall mean:

- (i) a Project experiences an Event of Loss and is not repaired, restored, replaced or rebuilt to substantially the same condition as existed immediately prior to the Event of Loss within [***] days of such Event of Loss (an “Event of Loss Project”);
- (ii) the early termination of any Customer Agreement (including, but not limited to, as a result of the occurrence of a default thereunder) without a replacement Customer Agreement being entered into in respect of such Project, regardless of whether or not any Relevant Party is entitled to or actually receives a termination payment from the Customer in connection with such termination;
- (iii) in respect of any Project (A) the applicable Customer is more than [***] days past due on any amount due under the related Customer Agreement and (B) either (x) such Customer Agreement has not been brought current or the related Project has not been removed and redeployed and/or the related Customer Agreement reassigned (or a replacement Customer Agreement executed) within [***] days of the end of such [***] day period or (y) which an Operator has determined should be written off in accordance with the Management Standard (a “Defaulted Project”);
- (iv) a Payment Facilitation Agreement is entered into;
- (v) the elective prepayment by the Customer of any future amounts due under a Customer Agreement;
- (vi) the purchase of any Project by a Customer in accordance with the terms of the applicable Customer Agreement; and
- (vii) an Ineligible Customer Reassignment.

“Debt Service” shall mean, for any period, the aggregate amount of all principal, interest, payments in the nature of interest (including default interest and net payments made (or minus the net amount of ordinary course settlement payments received) under Interest Rate Hedging Agreements), margin, letter of credit fees (other than LC Commitment Fees), rent under finance leases or any other recurrent analogous costs and damages (including gross-ups and increased cost payments) payable pursuant to any Loan Document.

“Debt Service Coverage Ratio” shall mean, for any calculation period, the ratio of:

(a) the Cash Available for Debt Service for such period; to

(b) the Debt Service for such period (excluding Debt Service related to any mandatory prepayments in respect of the Loans payable during such period pursuant to Section 4.03 of this Agreement).

For purposes of the determination of the Available Borrowing Base, the determination of the amounts above for any future period will be based on projections in accordance with the Base Case Model.

“Debt Service Coverage Ratio Certificate” shall mean a certificate from an Authorized Officer in the form of Exhibit J, containing its good faith, detailed calculation of its Debt Service Coverage Ratio for the twelve-month period ending on the immediately preceding Calculation Date.

“Debt Service Reserve Account” shall have the meaning given to it in the Depository Agreement.

“Debt Service Reserve Required Amount” shall have the meaning given to it in the Depository Agreement.

“Debt Termination Date” shall mean the date on which (a) the Commitments have expired or been terminated, (b) the principal of and interest on each Loan and all fees payable hereunder shall have been paid indefeasibly paid in cash in full and all Letters of Credit shall have expired or terminated and all Drawing Payments shall have been reimbursed (unless the outstanding amount of the LC Exposure related thereto has been Cash Collateralized) and (c) all other Obligations (other than any inchoate indemnification or expense reimbursement Obligations that expressly survive termination of the Agreement) shall have indefeasibly paid in cash in full.

“Debtor Relief Laws” shall mean the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” shall mean any event, occurrence or circumstance that is, or with notice or the lapse of time or both would become, an Event of Default.

“Default Rate” shall mean a rate of 2.00% per annum in excess of the rate otherwise applicable to any Loan or other Obligation, which rate shall apply in accordance with Section 4.05(b).

“Defaulted Project” shall have the meaning given to it in the definition of Customer Prepayment Event.

“Defaulting Lender” shall mean a Lender that (i) has defaulted in its obligations to fund any Loan or otherwise failed to comply with its obligations under Section 2.01 or Section 2.02, unless (x) such default or failure is no longer continuing or has been cured within ten (10) days after such default or failure or (y) such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent

to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (ii) has notified the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.01 or Section 2.02 or has made a public statement to that effect unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent shall be specifically identified in such writing) has not been satisfied or (iii) has, or has a direct or indirect parent company that, (x) has become the subject of a proceeding under any Debtor Relief Laws, (y) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (z) become the subject of a Bail-in Action; provided that, for the avoidance of doubt, a Lender shall not be a Defaulting Lender solely by virtue of (a) an Undisclosed Administration or (b) the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

“Delayed Draw Lender” shall mean a Lender with a Delayed Draw Loan Commitment, which as of the Closing Date is as set forth on Schedule 2.01.

“Delayed Draw Loan” shall have the meaning set forth in Section 2.01 of the Agreement.

“Delayed Draw Loan Commitment” shall mean, as to each Lender, its obligation to make a Delayed Draw Loan to the Borrower from time to time pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as such amount may be adjusted from time to time in accordance with this Agreement; provided, that (a) the aggregate principal amount of the Lenders' Delayed Draw Loan Commitments shall not exceed \$234,500,000 and (b) concurrently with any repayment or prepayment of any Delayed Draw Loans (other than any repayment or prepayment during the Availability Period pursuant to Section 4.03(b) or Section 4.03(c)), the Delayed Draw Loan Commitments of the Lenders shall be reduced in an amount equal to such repayment or prepayment which reduction shall be applied among the Lenders on a pro rata basis.

“Delayed Draw Loan Commitment Fee” shall mean, based on daily calculation for each day from the Closing Date through the expiration or earlier termination of the Availability Period, divided by 360, an amount equal to the product of (i) the undrawn Delayed Draw Loan Commitment on such day (regardless of whether any conditions for drawing could then be met and determined as of the close of business on any date of determination) multiplied by (ii) either (a) for the period commencing on the Closing Date until the date on which 50% of the Delayed Draw Loan Commitments have been drawn, 1.0% per annum or (b) for the period commencing on the date on which 50% of the Delayed Draw Loan Commitments have been drawn until the last day of the Availability Period, 0.75% per annum.

“Depository Agreement” shall mean the Depository Agreement dated as of the Closing Date, among the Borrower, the Administrative Agent, the Collateral Agent and the Depository Bank.

“Depository Bank” shall mean Deutsche Bank Trust Company Americas, and its successors and assigns in such capacity in accordance with the Depository Agreement.

“Distribution Trap” shall have the meaning given to it in the Depository Agreement.

“Distribution Trap Account” shall have the meaning given to it in the Depository Agreement.

“Dollars” shall mean U.S. dollars.

“Drawing” shall mean a drawing on a Letter of Credit by the beneficiary thereof.

“Drawing Payment” shall mean a payment in U.S. Dollars by the LC Issuer of all or any part of the Stated Amount in conjunction with a Drawing under any Letter of Credit.

“Early Amortization Period” shall have the meaning given to it in the Depository Agreement.

“Economic Interest” shall mean the direct or indirect ownership by one Person of Capital Stock in another Person. A Person who directly holds all of the Capital Stock of another Person is understood to hold an Economic Interest of one hundred percent (100%) in such other Person. For purposes of determining the Economic Interest of one Person in another Person where there are one or more other Persons in the chain of ownership, the Economic Interest of the first Person in the second Person shall be deemed proportionately diluted by Economic Interests of less than one hundred percent (100%) held by such other Persons in the chain of ownership. For example, if Company A owns eighty percent (80%) of the Capital Stock of Company B, which in turn owns eighty percent (80%) of the partnership interests in Partnership C, which in turn owns fifty percent (50%) of the Capital Stock in Company D, then Company A would have an Economic Interest in Company D of thirty-two percent (32%).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” shall mean any Person that is a commercial bank, insurance company, investment or mutual fund or other Person that is an “accredited investor” (as defined in Regulation D of the Securities Act of 1933, as amended) or otherwise has a tangible net worth not less than five hundred million Dollars (\$500,000,000).

“Eligible Customer Agreement” shall mean a Customer Agreement approved (i) by the Administrative Agent (acting on the instructions of the Required Lenders) in writing or (ii) under the applicable Tax Equity Documents or, in the case of a Wholly-Owned Opco, the Tax Equity Documents originally governing such Wholly Owned Opco; provided that, in the case of this clause (ii), the inclusion of such Customer Agreement as an Eligible Customer Agreement could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of the Borrower to perform under the Loan Documents at or above the assumptions in the Base Case Model and, in each case, as such form may be modified from time to time if such modification could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of the Borrower to perform under the Loan Documents at or above the assumptions set forth in the Base Case Model.

“Eligible Project” shall mean, subject to Section 6.26, a Project which is owned by an Opco, which meets the following conditions as of the applicable Available Borrowing Base Determination Date:

(i) such Project has achieved Installation Completion;

(ii) (a) such Project is not the subject of any Customer Prepayment Event described in clauses (i), (ii), (iii), (vi) and (vii) of the definition thereof; and (b) with respect to the date such Project is first included in the Project Pool, such Project is not the subject of any Customer Prepayment Event described in clause (iii) of the definition thereof, without giving effect to subclause (iii)(B) of the definition thereof;

(iii) such Project meets the Eligible Project Qualification Requirement;

(iv) the Customer with respect to such Project has a FICO® Score of not less than [***];

(v) unless each of the Pre-PTO Conditions is satisfied, such Project has achieved Substantial Completion and received a PTO Letter;

(vi) the Customer Agreement with respect to such Project is not a Prepaid Customer Agreement;

(vii) the panels, inverters and batteries included in such Project are manufactured by Approved Manufacturers; and

(viii) all amounts payable to (a) the seller under the Master Purchase Agreement with respect to such Project and (b) the installer under the Master Turnkey Installation Agreement, with respect to such Project, in each case, have either been paid or the applicable Opco has reserved cash in respect of such obligations.

“Eligible Project Qualification Requirement” shall mean:

(a) with respect to Projects owned or being acquired by a Tax Equity Opco, the qualification requirement for the purchase of the Projects as of the time of sale to the applicable

Tax Equity Opco pursuant to the applicable Tax Equity Documents (except to the extent of any departure in accordance with Prudent Industry Practices for which a waiver was given by the applicable Tax Equity Class A Member and where the applicable impact thereof has been incorporated into the Base Case Model in a manner reasonably acceptable to the Administrative Agent); and

(b) with respect to Projects owned by a Wholly Owned Opco, the qualification requirement for the purchase of the Projects as of the time of sale to the applicable Wholly Owned Opco pursuant to the applicable Tax Equity Documents (except to the extent of any departure in accordance with Prudent Industry Practices for which a waiver was given by the applicable Tax Equity Class A Member and where the applicable impact thereof has been incorporated into the Base Case Model in a manner reasonably acceptable to the Administrative Agent).

“Eligible Revenues” shall mean Operating Revenue consisting of (i) payments by Customers pursuant to Customer Agreements with respect to Eligible Projects and (ii) PBI Payments with respect to Eligible Projects.

“Employee Benefit Plan” shall mean any employee pension benefit plan within the meaning of Section 3(2) of ERISA (excluding any Multiemployer Plan) which is subject to Title IV of ERISA or to section 412 of the Code.

“Energy” shall mean physical electric energy, expressed in megawatt hours (“MWh”) or kilowatt hours (“kWh”), of the character that passes through transformers and transmission wires, where it eventually becomes alternating current electric energy delivered at nominal voltage.

“Environmental Laws” shall mean all Laws pertaining to or imposing liability or standards of conduct concerning environmental protection, human health and safety, contamination or clean-up or the presence, use, handling, generation, Release, or storage of Hazardous Material, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 the Resource Conservation and Recovery Act, the Emergency Planning and Community Right-to-Know Act of 1986, the Hazardous Substances Transportation Act, the Solid Waste Disposal Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act and the Occupational Safety and Health Act (to the extent relating to human exposure to Hazardous Materials), each as amended from time to time, along with any state or local analogs to the Laws listed above and any state superlien and other environmental clean-up statutes and all regulations adopted in respect of the foregoing Laws whether now or hereafter in effect.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended or as may be amended from time to time.

“ERISA Affiliate” shall mean, in relation to any Person, any other Person, trade or business under common control with the first Person, within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(a)(14) of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Event of Default” shall have the meaning given to it in Section 10.01.

“Event of Loss” shall mean (a) an event which causes all or a portion of an Asset of a Relevant Party to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever (including any covered loss under a casualty insurance policy) and (b) any compulsory transfer or taking, or transfer under threat of compulsory transfer, of any Asset of a Relevant Party pursuant to the power of eminent domain, condemnation or otherwise.

“Excess Amount” shall have the meaning given to it in Section 4.03(b).

“Excess Capital Contributions” shall mean all capital contributions that (a) were contributed to each applicable Tax Equity Opco pursuant to the sections of each applicable Tax Equity Limited Liability Company Agreement set forth on Annex A, and (b) are permitted to be distributed to the holder of the Tax Equity Class B Membership Interests from the applicable “Milestone Account” as defined in the applicable Tax Equity Limited Liability Company Agreement; provided, that if such capital contributions were made to acquire Projects, such capital contributions shall only be considered Excess Capital Contributions to the extent such capital contributions remain after (x) the “Completion Deadline” (as defined in the applicable Tax Equity Limited Liability Company Agreement) has occurred as determined pursuant to the applicable Tax Equity Limited Liability Company Agreement and (y) all amounts payable to (i) the seller under the Master Purchase Agreement with respect to such Projects and (ii) the installer under the Master Turnkey Installation Agreement with respect to such Projects, have been paid.

“Excluded Ancillary/Capacity Contract” shall mean any agreement for the sale, transfer or disposition of Ancillary Services or Capacity Attributes generated by or otherwise associated with any Project entered into by any Opco with any purchaser other than Borrower or any other Relevant Party; provided that (i) the Ancillary Services or Capacity Attributes sold, transferred or disposed of shall be limited to the Ancillary Services or Capacity Attributes actually produced or shall be otherwise associated with the Projects owned by such Opco and shall not include any Ancillary Services or Capacity Attributes contracted to be sold under any other Excluded Ancillary/Capacity Contract, (ii) such Excluded Ancillary/Capacity Contract shall not include any liquidated damages provisions or provisions for the posting of collateral or other security, (iii) the recourse of the purchaser to such Opco shall be expressly limited to the Ancillary Services and Capacity Attributes sold, transferred or disposed of under such Excluded Ancillary/Capacity Contract and the proceeds thereof, (iv) any Excluded Ancillary/Capacity Contract entered into after the date of this Agreement shall include a covenant from the purchaser not to petition for the bankruptcy of the applicable Opco and (v) other than in respect of any spot sale of Ancillary Services or Capacity Attributes entered into in the ordinary course of business, no Default or Event of Default has occurred and is continuing at the time such Excluded Ancillary/Capacity Contract is entered into; provided, further, that, if in connection with such sale, transfer or other disposition, any Affiliate that is a Relevant Party is required to be a party to any agreement, the obligations of such Relevant Party under such agreement are of a type that could not expose such Relevant Party to any financial obligation, including in respect of damages for failure to perform such obligations.

“Excluded Property” shall mean:

- (a) all prepayment amounts due by Customers under any Prepaid Customer Agreement to the extent paid at commencement of construction of the applicable Projects, inclusive of deposits paid at the signing of any Customer Agreement;
- (b) all cash proceeds from any upfront solar energy incentive programs, including proceeds pursuant to the California Solar Initiative (which are not subject to state income tax), or any other state or local solar power incentive program which provides incentives that are substantially similar to those provided under the California Solar Initiative (and which are similarly not subject to state income tax);
- (c) all cash proceeds from any state income tax credit, including proceeds pursuant to the refundable Hawaii Energy Tax Credits;
- (d) Capacity Attributes and Ancillary Services that are sold, transferred or otherwise disposed of in accordance with Section 7.09(c), but only prior to the commencement by the Collateral Agent of dispossessory remedies with respect to any Loan Party pursuant to the Collateral Documents;
- (e) all Excluded REC Contracts, all RECs that may be sold or that are sold pursuant to an Excluded REC Contract and the proceeds of any Excluded REC Sales; and
- (f) all Excess Capital Contributions.

“Excluded REC Contract” shall mean any REC Contract (including any spot sale of RECs) entered into by any Opco with any REC Purchaser; provided that (i) the RECs sold under such Excluded REC Contract shall be limited to the RECs actually produced by the Projects owned by such Opco and shall not include any RECs contracted to be sold under any other REC Contract, (ii) the RECs sold under such Excluded REC Contract shall be subject to an irrevocable forward transfer (or other equivalent transfer) in favor of the REC Purchaser, (iii) such Excluded REC Contract shall not include any liquidated damages provisions or provisions for the posting of collateral or other security, (iv) the recourse of the applicable REC Purchaser to such Opco shall be expressly limited to the RECs sold under such Excluded REC Contract and the proceeds thereof, (v) any Excluded REC Contract entered into after the date of this Agreement shall include a covenant from the REC Purchaser not to petition for the bankruptcy of the applicable Opco and (vi) other than in respect of any spot sale of RECs entered into in the ordinary course of business, no Default or Event of Default has occurred and is continuing at the time such Excluded REC Contract is entered into.

“Excluded REC Sales” shall mean any sale, transfer or other disposition of RECs pursuant to any Excluded REC Contract.

“Excluded Taxes” shall mean any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes,

in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date after the Closing Date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 4.09(a)(ii) or Section 4.09(b), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 4.09(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

"Executive Officer" shall mean, with respect to any corporation or limited liability company, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Secretary or Treasurer of such corporation or limited liability company and, with respect to any partnership, any individual general partner thereof or, with respect to any other general partner, any executive officer of the general partner.

"Exempt Customer Agreements" shall mean (i) any Customer Agreement which has unpaid Rents that are 120 days or more past due, (ii) any Customer Agreement where (A) the Customer's interest in the underlying host property for the applicable Project has been sold or otherwise transferred without either the Customer purchasing the Project or the new owner assuming such Customer Agreement and (B) the applicable Operator reasonably determines that the current Customer will not make any purchase payment due under the Customer Agreement and the new owner will refuse to assume such Customer Agreement but for a Payment Facilitation Agreement in respect thereof, (iii) any Customer Agreement subject to a dispute between the Borrower and the Customer which, in light of the facts and circumstances known at the time of such dispute, the Operator reasonably determines the Customer under such Customer Agreement could reasonably be expected to stop making Rent payments due under the Customer Agreement but for a Payment Facilitation Agreement, or (iv) any Customer Agreement which has a Customer that has become eligible for and is receiving an income-qualified discount on his or her electricity rate from the applicable local utility.

"Expiration Date" shall mean, with respect to any Letter of Credit, the date of the expiration set forth therein.

"Facility" shall mean each of (a) the Delayed Draw Loan Commitments and the Delayed Draw Loans made hereunder and (b) the LC Commitments and the LC Exposure hereunder.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Rate” shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day.

“Fee Letters” shall mean, collectively, (a) the fee letter among the Sponsor, the Borrower, KeyBank National Association and KeyBanc Capital Markets, Inc., dated as of August 24, 2017, (b) the fee letter among the Sponsor, the Borrower and ING Capital LLC, dated as of August 24, 2017, and (c) each fee letter between the Borrower and a Lender Party.

“FERC” shall mean the Federal Energy Regulatory Commission, and any successor authority.

“FICO® Score” shall mean, in respect of any Customer, a credit score obtained from (a) Experian Information Solutions, Inc., (b) Transunion, LLC or (c) Equifax Inc., in each case, as obtained on or about the date such Customer entered into, or took an assignment of, such Customer Agreement.

“Financial Statements” shall mean in relationship to any Person, its consolidated statements of operations and members’ equity, statements of cash flow and balance sheets.

“Fitch” shall mean Fitch, Inc.

“Flip Point” shall have the meaning given to the term “Flip Point” or to any other similarly defined term in the applicable Limited Liability Company Agreement of an IRR Partnership Flip Opco.

“Flip Point Delay” shall mean, as of any Calculation Date in respect of a Tracking Model for the applicable IRR Partnership Flip Opco, if such Tracking Model (taking all prior and projected Cash Flows into account) reflects that the Flip Point will not occur by the Target Flip Date, the length of the delay between the Target Flip Date and the date of the occurrence of the Flip Point as demonstrated by the Tracking Model.

“Foreign Lender” shall mean a Lender that is not a U.S. Person.

“FPA” shall mean the Federal Power Act, as amended, and FERC’s regulations thereunder.

“Funding Account” shall have the meaning given to it in the Depository Agreement.

“GAAP” shall mean United States Generally Accepted Accounting Principles.

“General Account” shall mean one or more deposit accounts that is segregated from each other account of an Operator and held by such Operator with an Acceptable Bank:

(i) which are under the exclusive dominion and control of the Sponsor, a Manager or an Operator, subject to such Operator's agreement (A) to segregate the amounts in each such account from its own funds as trustee for the beneficiaries of the funds deposited therein and (B) not to grant a Lien over such account or the amounts deposited therein;

(ii) which are not subject to any Lien of a third party; and

(iii) into which Customers have made payment of non-recurring ACH and credit card payments.

“Governmental Authority” shall mean with respect to any Person, any federal or state or local government or other political subdivision thereof or any entity, including any regulatory or administrative authority or court, exercising executive, legislative, judicial, regulatory or administrative or quasi-administrative functions of or pertaining to government.

“Grant” shall mean a cash grant under section 1603 of the American Recovery and Reinvestment Act of 2009, as amended.

“Guarantors” shall mean each Tax Equity Holdco, each Wholly Owned Holdco, if any, and each Wholly Owned Opco, if any, each of which shall have delivered (i) in the case of a Tax Equity Holdco or a Wholly Owned Holdco, a Holdco Guaranty and Security Agreement or (ii) in the case of a Wholly Owned Opco, a Wholly Owned Opco Guaranty and Security Agreement.

“Hazardous Material” shall mean any pollutant, contaminant or hazardous or toxic substance, material or waste that is regulated by or forms the basis of liability now or hereafter under, any Environmental Law, including any (a) petroleum, petroleum hydrocarbons, petroleum products, crude oil or any fraction or by-product derivatives thereof, (b) asbestos or asbestos-containing material, (c) polychlorinated biphenyls (PCBs) or PCB-containing materials or fluids, or (d) any other radioactive, hazardous, toxic or noxious substance, material, pollutant, emission or discharge or contaminant that, whether by its nature or its use, is subject to regulation or giving rise to liability or obligation under any Environmental Law, used, released, and disposed of in accordance with all applicable Environmental Laws.

“Holdco Guaranty and Security Agreement” shall mean (a) any Tax Equity Holdco Guaranty and Security Agreement and (b) any Wholly Owned Holdco Guaranty and Security Agreement.

“Impacted Interest Period” shall have the meaning given in the definition of “LIBOR”.

“Indebtedness” shall mean, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, surety bond or other similar instrument (unless secured in full by cash), or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests and any other payment required to be made in respect of any equity interests in any Person or rights or

options to acquire any equity interests in any Person, but excluding any distributions required to be made (A) in respect of the outstanding class A membership interests issued by the Tax Equity Opco or (B) to Borrower or any Subsidiary in respect of the outstanding Tax Equity Class B Membership Interests, Tax Equity Holdco Membership Interests or Wholly Owned Opco Membership Interests, (iv) all obligations (including all amounts to be capitalized) under leases that constitute capital leases for which such Person is liable, (v) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as borrower, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss, (vi) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets acquired by such Person (even though the rights of the seller or lender thereunder may be limited in recourse), and (vii) all guarantees of such Person in respect of any of the foregoing. The Indebtedness of a Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such Person in respect thereof.

“Indemnified Amounts” shall have the meaning given to it in Section 4.08(a).

“Indemnified Taxes” shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Indemnitee” shall have the meaning given to it in Section 4.08(a).

“Independent” shall mean, when used with respect to any specified Person, that such Person (a) is in fact independent of each of the Relevant Parties and any Affiliate thereof, (b) does not have any direct financial interest or any material indirect financial interest in any of the Relevant Parties or any Affiliate thereof and (c) is not connected with any of the Relevant Parties or any Affiliate thereof as an officer, employee, member, manager, contractor, promoter, underwriter, trustee, partner, director or person performing similar functions.

“Independent Engineer” shall mean [***] or such other independent engineer as is reasonably satisfactory to the Administrative Agent.

“Ineligible Customer Reassignment” shall mean a Customer Agreement has been assigned to a new Customer with a FICO® Score of less than [***].

“Information” shall have the meaning given to it in Section 5.26(a).

“Installation Completion” shall mean, with respect to a Project, that the design, engineering, construction and installation of such Project has been completed. For the avoidance of doubt, a Project may achieve Installation Completion without achieving Substantial Completion.

“Insurance Consultant” shall mean [***] or such other insurance consultant as is reasonably satisfactory to the Administrative Agent.

“Insurance Policies” shall have the meaning given to it in Section 6.13(a).

“Interest Election Request” shall mean a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.03(f).

“Interest Period” shall mean, for each Payment Date, the period from and including such Payment Date (or, with respect to any Loan made on an Advance Date, such Advance Date) to but excluding the next Payment Date (or, with respect to the final Payment Date, the Maturity Date).

“Interest Rate Determination Date” shall mean the second LIBOR Business Day preceding the first day of each Interest Period.

“Interest Rate Hedging Agreement” shall mean any Swap Agreement entered into by the Borrower in the ordinary course of business and not for speculative purposes in order to effectively cap, collar or exchange interest rates (from floating to fixed rates) with respect to any interest-bearing liability or investment of the Borrower.

“Intermediate Holdco” shall have the meaning given to it in the Recitals.

“Interpolated Rate” shall mean, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as LIBOR) reasonably determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) LIBOR for the longest period for which LIBOR is available that is shorter than the Impacted Interest Period; and (b) LIBOR for the shortest period (for which LIBOR is available) that exceeds the Impacted Interest Period, in each case, at such time.

“Investment Company Act” shall mean the United States Investment Company Act of 1940, as amended or as may be amended from time to time.

“Involuntary Bankruptcy” shall mean any involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, in which the Sponsor or any Relevant Party is a debtor or any Assets of any such entity is property of the estate therein.

“IRR Partnership Flip Fund” shall mean each tax equity investment structure designated as an “IRR Partnership Flip Fund” by the Borrower on Schedule 5.03(e).

“IRR Partnership Flip Opco” shall mean each entity designated as an “IRR Partnership Flip Opco” by the Borrower on Schedule 5.03(e).

“ITC” shall mean the investment tax credit under section 48 of the Code.

“Joint Bookrunners” shall mean KeyBanc Capital Markets, Inc., ING Capital LLC and Silicon Valley Bank.

“Joint Lead Arrangers” shall mean Silicon Valley Bank, Deutsche Bank Securities Inc., and CDPQ American Fixed Income V Inc.

“Knowledge” whenever used in this Agreement or any of the Loan Documents, or in any document or certificate executed pursuant to this Agreement or any of the Loan Documents, (whether by use of the words “knowledge” or “known”, or other words of similar meaning, and whether or not the same are capitalized), shall mean, with respect to the Sponsor or any Relevant Party: (i) actual knowledge (which shall be deemed to include knowledge that would have been discovered after reasonable inquiry) of the Chief Executive Officer, Chief Financial Officer, and General Counsel of the Sponsor or any Authorized Officer of a Relevant Party, and (ii) actual knowledge (which shall be deemed to include knowledge that would have been discovered after reasonable inquiry) of those officers, employees or other persons of the Manager responsible for the day-to-day administration of the Projects or charged with effecting the duties on behalf of the Manager set forth in the Management Agreement, and the individuals who have responsibility for any policy making, major decisions or financial affairs, or primary management or supervisory responsibilities, of the Sponsor or any Relevant Party. The Borrower shall cause each Subsidiary and the Manager to promptly notify it of any event or circumstance that would require the Borrower to provide notice to a Lender Party under the Loan Documents upon Knowledge of the Borrower. Any notice delivered to the Sponsor or any Relevant Party (including to the Manager as their agent) by a Secured Party shall provide such Person with Knowledge of the facts included therein.

“Laws” shall mean, collectively, all international, foreign, Federal, state and local statutes, common law, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“LC Application” shall mean an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable LC Issuer, together with a Notice of LC Activity.

“LC Availability Period” shall mean the period from the Closing Date to the last Payment Date occurring prior to the Maturity Date.

“LC Commitment” shall mean, as to each LC Lender, its obligation to make a LC Loan to the Borrower pursuant to Section 2.02 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement; provided, that the aggregate principal amount of the LC Lenders’ LC Commitments shall not exceed \$10,000,000.

“LC Commitment Fee” shall mean an amount equal to the product of 1.0% per annum and the average unused LC Commitment (regardless of whether any conditions for issuance, extension or increase of the Stated Amount of a Letter of Credit could then be met and determined as of the

close of business on any date of determination) for each day from the Closing Date through the expiration or earlier termination of the LC Availability Period.

“LC Documents” shall mean, as to any Letter of Credit, each LC Application and any other document, agreement and instrument entered into by the applicable LC Issuer and the Borrower or in favor of such LC Issuer and relating to such Letter of Credit.

“LC Exposure” shall mean, with respect to any LC Lender as of the date of determination, the sum of the aggregate amount of all participations by that Lender in (a) the Stated Amount of all Letters of Credit issued and outstanding at such time that have not been Cash Collateralized, *plus* (b) the aggregate amount of all unreimbursed Drawing Payments made in respect of Letters of Credit at such time, *plus* (c) the aggregate outstanding principal amount of all LC Loans at such time.

“LC Issuer” shall mean (a) KeyBank National Association and (b) each other LC Lender as the Borrower may from time to time select as an LC Issuer hereunder (provided that such LC Lender meets the Credit Requirements, shall be reasonably acceptable to the Administrative Agent and has agreed to be an LC Issuer hereunder in a writing satisfactory to the Administrative Agent), each in its capacity as an issuer of Letters of Credit hereunder, in either case together with its permitted successors and assigns in such capacity; provided, that there shall be no more than one LC Issuer at any time.

“LC Lender” shall mean a Lender with a LC Commitment, which as of the Closing Date is as set forth on Schedule 2.01.

“LC Loan” shall have the meaning set forth in Section 2.02(c)(ii) of the Agreement.

“Lender” shall have the meaning given to it in the preamble hereto and shall include any Delayed Draw Lender and LC Lender (other than any Person that has ceased to be a party hereto pursuant to an Assignment and Assumption) and any other Person that shall have become a party hereto as a Lender pursuant to an Assignment and Assumption.

“Lender Parties” shall mean the Administrative Agent, each Lender and the LC Issuer.

“Lending Office” shall mean, with respect to each Lender, such Lender's address and, as appropriate, account on file with the Administrative Agent, or such other address or account as such Lender may from time to time notify to the Administrative Agent.

“Letter of Credit” shall mean a standby letter of credit substantially in the form of Exhibit C-1 governed by the laws of the State of New York and issued by the LC Issuer under the total aggregate LC Commitment pursuant to Section 2.02(a)(i).

“LIBO Loan” means any Loan that bears interest at rates based upon the LIBO Rate.

“LIBO Rate” means:

(i) for any Interest Period, other than an Interest Period when an interest rate in accordance with Section 4.11 is being charged, with respect to a LIBO Loan, LIBOR for such Interest Period; and

(ii) for purposes of any determination of the Base Rate on any date, the rate per annum equal to LIBOR for an Interest Period of one month (determined as of such day).

“LIBOR” shall mean with respect to each Interest Rate Determination Date, the rate for United States dollar deposits, rounded, if necessary, to the nearest 0.00001%, appearing on the Bloomberg Screen US0003M Index Page as the London interbank offered rate for United States dollar deposits (for delivery on the first day of the applicable Interest Period) with a term equivalent to such Interest Period at approximately 11:00 a.m., London time, on such Interest Rate Determination Date; provided that if such screen rate shall not be available at such time for such Interest Period by reason of the length of such Interest Period (an “Impacted Interest Period”), LIBOR shall be the Interpolated Rate. If, on any Interest Rate Determination Date, such rate does not appear on the Bloomberg Screen US0003M Index Page (except to the extent such screen is not available by reason of the length of such Interest Period), LIBOR shall be the arithmetic mean of the offered quotations of the Reference Banks to prime banks in the London interbank market for United States dollar deposits in Europe (for delivery on the first day of the applicable Interest Period) with a term equivalent to such Interest Period by reference to requests for quotations to the Reference Banks as of approximately 11:00 a.m. (London time) on the Interest Rate Determination Date. If, on any Interest Rate Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations. The Administrative Agent shall determine LIBOR on each Interest Rate Determination Date and the determination of LIBOR by the Administrative Agent shall be binding absent manifest error. “Reference Banks” shall mean leading banks engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London, and (ii) which have been designated as such by the Administrative Agent and are able and willing to provide such quotations to the Administrative Agent for each Interest Rate Determination Date; and “Bloomberg Screen US0003M Index Page” shall mean the display designated as page US0003M Index Page on the Bloomberg Financial Markets Commodities News (or such other pages as may replace such page on that service for the purpose of displaying LIBOR quotations of major banks). Notwithstanding the foregoing, in no circumstance shall LIBOR be less than 0.00% per annum.

“LIBOR Business Day” shall mean any day on which commercial banks are open in New York, New York and London, England for international business (including dealings in United States dollar deposits).

“Lien” shall mean, with respect to any property or assets, any lien, hypothecation, encumbrance, assignment for security, charge, mortgage, pledge, security interest, conditional sale or other title retention agreement or similar lien.

“Limited Liability Company Agreement” shall mean each Wholly Owned Opco Limited Liability Agreement and each Tax Equity Limited Liability Company Agreement.

“Loan Documents” shall mean, collectively, this Agreement, the Notes, if any, each Fee Letter, the Collateral Documents, the Secured Interest Rate Hedging Agreements, each Wholly Owned Opco Back-Up Servicing Agreement or Wholly Owned Opco Transition Management Agreement, as applicable, and all other documents, agreements or instruments executed in connection with the Obligations. For the avoidance of doubt, the term “Loan Documents” shall not include the Portfolio Documents.

“Loan Parties” shall mean the Borrower, Pledgor and each Guarantor.

“Loans” shall mean the Delayed Draw Loans and the LC Loans.

“Loss Proceeds” shall mean all amounts and proceeds (including instruments) from an Event of Loss received by the Loan Parties, including, without limitation, insurance proceeds or other amounts actually received, except proceeds of business interruption insurance.

“Major Decision” shall mean, as to each Tax Equity Opco, any of the decisions contemplated to be made in any of the applicable Tax Equity Limited Liability Company Agreements which require a vote by or the consent or approval of all or a supermajority or majority of the members or the Tax Equity Class A Members of the applicable Tax Equity Opco.

“Major Maintenance Reserve Account” shall have the meaning set forth in the Depository Agreement.

“Management Agreement” shall mean the Management Agreement between the Manager and the Borrower dated as of the Closing Date and each renewal or replacement for such agreement in a form and substance acceptable to the Administrative Agent entered into with a Manager, in accordance with the terms and conditions hereof and any Wholly Owned Opco Back-Up Servicing Agreement or Wholly Owned Opco Transition Management Agreement.

“Management Consent Agreement” shall mean the Management Consent and Agreement to be entered into by and among the Manager, the Borrower and the Collateral Agent.

“Management Standard” shall mean, with respect to an Operator, the requirement for such Operator to perform its duties in accordance with applicable law and in accordance with Prudent Industry Practice or, if a higher standard, the highest degree of skill and attention that the Operator exercises with respect to comparable assets that the Operator operates and maintains for itself, its affiliates or for third party investors and in accordance with its internal policies and procedures.

“Manager” shall mean the Sponsor or a replacement manager as may hereafter be charged with management of the Borrower and the Subsidiaries in accordance with the terms and conditions hereof and the other Loan Documents.

“Market Disruption Event” shall have the meaning given to it in Section 4.11(a)(iii).

“Master Purchase Agreements” shall mean each master purchase agreement or master contribution agreement entered into by an Opco in connection with the purchase of Projects by such

Opcos or the contribution to such Opcos of Projects identified by the Borrower as a Master Purchase Agreement on Schedule 1.01(a).

“Master Turnkey Installation Agreement” shall mean, with respect to a specific Project and to the extent applicable to such Project, the master turnkey installation agreement executed in respect of such Project by the Sponsor and an installer, the rights as to which are assigned to a Subsidiary with respect to such Project.

“Material Adverse Effect” shall mean, (i) a material adverse effect upon the business, operations, property, assets or condition (financial or otherwise) of the Borrower or any Loan Party, or (ii) the material impairment of the ability of any Loan Party or the Sponsor to perform its obligations under any Loan Document, (iii) a material adverse effect on the legality, validity or enforceability of any of the (A) Loan Documents or the rights and remedies of any Secured Party under any of the Loan Documents (including the validity, perfection or priority of the Collateral Agent’s Liens on the Collateral) or (B) Limited Liability Company Agreements or Tax Equity Guaranties, or (iv) a material adverse effect on the use, value or operation of the Projects owned or leased by the Opcos taken as a whole.

“Maturity Date” shall mean October 20, 2024.

“Maximum Rate” shall have the meaning given to it in Section 12.18.

“Membership Interests” shall mean the Borrower Membership Interests, the Wholly Owned Holdco Membership Interests, the Wholly Owned Opcos Membership Interests, the Tax Equity Class B Membership Interests and the Tax Equity Holdco Membership Interests.

“Model Auditor” shall mean [***] or such other model auditor as is reasonably satisfactory to the Administrative Agent.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Multiemployer Plan” shall mean a “multiemployer plan” as defined in Section 3(37) or Section 4001(a)(3) of ERISA.

“Net Available Amount” shall mean, with respect to (i) any Asset sale by a Relevant Party or (ii) the issuance or incurrence of any Indebtedness by any Relevant Party, the debt proceeds or other amounts received in connection therewith net of any (A) sale proceeds, debt proceeds or other amounts required to be allocated to a Tax Equity Class A Member pursuant to a Tax Equity Document and (B) reasonable and documented transaction or collection expenses (as applicable).

“Non-Consenting Lender” shall mean any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 12.01 and (ii) otherwise has been approved by the Required Lenders.

“Non-Covered Services” shall have the meaning given to such term in each applicable O&M Agreement.

“Note” shall have the meaning given to it in Section 2.04.

“Notice of LC Activity” shall have the meaning set forth in Section 2.02(b).

“O&M Agreements” shall mean, collectively, (i) each Tax Equity Opco O&M Agreement and (ii) each Wholly Owned Opco O&M Agreement.

“Obligations” shall mean the principal amount of the Loans, accrued interest thereon and all advances to, fees, costs, expenses and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document (including the Secured Hedging Obligations, any premium, reimbursements, Drawing Payments, damages, expenses, fees, costs, charges, disbursements, indemnities, and other liabilities) or otherwise with respect to any Loan, Letter of Credit or Secured Interest Rate Hedging Agreement, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest that would accrue on any of the foregoing during the pendency of any bankruptcy or related proceeding with respect to any Loan Party.

“Officer’s Certificate” shall mean a certificate signed by any Authorized Officer of the Borrower and delivered to the Administrative Agent.

“OID” shall have the meaning given to it in Section 4.09(g).

“Opcos” shall mean the Tax Equity Opcos and the Wholly Owned Opcos.

“Operating Budget” shall mean the operating budget for the Relevant Parties set out under Section 6.01(e)(i) and as approved when required by the Administrative Agent.

“Operating Expenses” shall mean for any applicable period, all expenses and other amounts in the nature of expenses incurred by the Borrower, any Wholly Owned Holdcos, any Wholly Owned Opcos, any Tax Equity Holdcos and, except where used in the definition of Cash Available for Debt Service, any Tax Equity Opcos during that period on a cash basis, including (without duplication) (i) payments under any Management Agreement, Back-Up Servicing Agreements, Transition Management Agreements, O&M Agreements and the other Project Documents (including, without duplication, all Service Fees and costs and expenses for Non-Covered Services and capital expenditures), (ii) payments to comply with Laws (including Environmental Laws), (iii) insurance premiums to the extent not covered in the Service Fees under the O&M Agreements, (iv) Taxes (including payments in lieu of taxes), and (v) any other fee, cost and expense incurred in connection with (x) ownership, leasing and operation of the Projects (including, for the avoidance of doubt, all Projects in the Project Pool) held by the Wholly Owned Opcos and, except where used in the definition of Cash Available for Debt Service, the Tax Equity Opcos and (y) the ownership of the Membership Interests (including Additional Expenses and fees, costs, indemnities and expenses payable to the Secured Parties pursuant to Section 4.02(b)(i) of the Depository Agreement), but excluding (A) Debt Service, (B) Delayed Draw Loan Commitment Fees and LC Commitment Fees and (C) expenses and amounts in the nature of expenses which are paid with the proceeds of Excluded Property or a contribution by or on behalf of the Sponsor or Pledgor as required pursuant to the Cash Diversion Guaranty (including with respect to any fees due to any Agent or the Manager).

“Operating Revenues” shall mean for any applicable period, all Collections received by the Borrower during that period on a cash basis from: (a) the Opco, provided, that any Collections received by the Borrower from an Opco (either directly or via a Tax Equity Holdco or a Wholly Owned Holdco) in respect of a calendar quarter shall be deemed to have been received by the Borrower in respect of such calendar quarter even if such Collections are received after the end of such calendar quarter, provided such Collections are deposited into the Revenue Account prior to the delivery of the Debt Service Coverage Ratio Certificate pursuant to Section 6.01(a)(v) in respect of the Calculation Date occurring at the end of such calendar quarter or (b) the Tax Equity Holdcos, but excluding (without duplication):

- (i) any capital contribution or any other amounts contributed to the Relevant Parties by the Sponsor, Pledgor or their Affiliates;
- (ii) the proceeds of the Loans or any other Indebtedness incurred by a Relevant Party;
- (iii) any net payments to the Borrower under an Interest Rate Hedging Agreement;
- (iv) the proceeds of the sale, assignment or other disposition of any Collateral or other Asset of a Relevant Party, other than (A) ordinary course sales of power or the leasing of photovoltaic systems pursuant to Customer Agreements and (B) PBI Payments;
- (v) proceeds of any Customer Prepayment Event referenced in clauses (ii), (v) and (vi) of the definition of Customer Prepayment Event;
- (vi) Loss Proceeds and any other insurance proceeds (other than business interruption proceeds) and proceeds of any warranty claims arising from manufacturer, installer and other warranties;
- (vii) any other proceeds or other amounts that are required to be mandatorily prepaid pursuant to Section 4.03 of this Agreement;
- (viii) the proceeds of any sale, transfer or other disposition of Capacity Attributes or Ancillary Services; and
- (ix) any Excluded Property and the proceeds thereof.

“Operator” shall mean in respect of any O&M Agreement, (a) the Sponsor, (b) an Affiliate of the Sponsor provided that the Sponsor has guaranteed such Affiliate’s obligations on terms acceptable to the Required Lenders or (c) any replacement operator appointed in accordance with the terms and conditions herein and in the applicable Back-Up Servicing Agreement or Transition Management Agreement, as applicable.

“Other Administrative Agent” shall have the meaning given to the term “Administrative Agent” in the Other Credit Agreement.

“Other Collateral Agent” shall have the meaning given to the term “Collateral Agent” in the Other Credit Agreement.

“Other Connection Taxes” shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Credit Agreement” shall mean that certain Credit Agreement, dated as of the Closing Date, between Pledgor, as borrower, the financial institutions as lenders from time to time party thereto and KeyBank National Association, as Administrative Agent for such lenders.

“Other Lender Controlled Transferee” shall mean a Person who is transferred the Capital Stock in the Pledgor and is wholly owned, either directly or indirectly, by the Other Lenders or an agent on their behalf.

“Other Lenders” shall have the meaning given to the term “Lenders” in the Other Credit Agreement.

“Other Loan Documents” shall mean the “Loan Documents” as such term is defined in the Other Credit Agreement.

“Other Taxes” shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to [Section 4.10\(b\)](#)).

“Owner Operator Experience” shall mean at least three (3) years of experience (either directly or accessed under contract through such Person’s direct or indirect parent or a third party provider) as (i) the owner or manager of, or (ii) the operator or manager of, not less than two hundred fifty (250) MWs of solar generation facilities in the United States, which shall be inclusive, in part, of experience with residential distributed generation solar assets.

“P50 Production” shall mean the production volume based on the P50 one (1) year confidence levels for Eligible Projects in the Project Pool reflected in the Base Case Model (as updated as of the applicable date of determination).

“Participant” shall have the meaning given to it in [Section 12.05\(d\)\(i\)](#).

“Participant Register” shall have the meaning given to it in [Section 12.05\(d\)\(ii\)](#).

“PATRIOT Act” shall have the meaning given to it in [Section 12.12](#).

“Payment Date” shall mean each January 31, April 30, July 31 and October 31 of each year falling after the date hereof, or if any such day is not a Business Day, the immediately preceding Business Day, provided, that the first Payment Date shall occur on January 31, 2018 and the last Payment Date shall be the Maturity Date.

“Payment Facilitation Agreement” shall have the meaning given to it in Section 7.10(a).

“PBI Documents” shall mean, with respect to a Project (i) all applications, forms and other filings required to be submitted to a PBI Obligor in connection with the performance based incentive program maintained by such PBI Obligor and the procurement of PBI Payments and (ii) all approvals, agreements and other writings evidencing (a) that all conditions to the payment of PBI Payments by the PBI Obligor have been met, (b) that the PBI Obligor is obligated to pay PBI Payments and (c) the rate and timing of such PBI Payments.

“PBI Obligor” shall mean (i) [***], in relation to Projects located in [***], (ii) [***], in relation to Projects located in [***] or (iii) any other Person required to make a PBI Payment under or in respect of the related PBI Document, which meets the Credit Requirements or is otherwise approved by the Administrative Agent and the Required Lenders.

“PBI Payments” shall mean, with respect to a Project and the related PBI Documents, all payments due by the related PBI Obligor under or in respect of such PBI Documents in respect of performance based incentive programs of [***], [***] or any other States which have been approved by the Administrative Agent.

“Permits” shall mean any and all franchises, licenses, leases, permits, approvals, notifications, certifications, registrations, authorizations, exemptions, qualifications, easements, rights of way, Liens and other rights, privileges and approvals required to be obtained from a Governmental Authority under any Law, rule or regulation (including those required to interconnect a Project to the applicable transmission grid).

“Permitted Fund Disposition” shall mean the sale, assignment, transfer or disposal of one or more Membership Interests in one or more Wholly Owned Opcos, Wholly Owned Holdcos or Tax Equity Holdcos that satisfies each of the following conditions precedent:

(a) The Borrower has delivered to the Administrative Agent and the Collateral Agent a Permitted Fund Disposition Certificate, at least seven (7) Business Days prior to the date of such Permitted Fund Disposition, and an updated Base Case Model, each of which shall be satisfactory to the Administrative Agent;

(b) upon giving effect to such Permitted Fund Disposition and any prepayment made pursuant to Section 4.03(d), the aggregate outstanding principal amount of the Delayed Draw Loans shall not exceed the Available Borrowing Base calculated immediately after giving effect to such Permitted Fund Disposition;

(c) no Default or Event of Default shall have occurred and is continuing or would result from such Permitted Fund Disposition;

(d) such Permitted Fund Disposition, individually or in the aggregate with each other Permitted Fund Disposition could not reasonably be expected to have a Material Adverse Effect on the Borrower;

(e) the Debt Service Reserve Account and the Major Maintenance Reserve Account are funded in the required amounts in accordance with the Depository Agreement;

(f) there are no unreimbursed drawings on a Letter of Credit and there are no outstanding LC Loans;

(g) the documentation of such sale, assignment, transfer or disposal expressly provides that such sale, assignment, transfer or disposal shall be without liability or recourse for any reason to any Relevant Party;

(h) after giving effect to such Permitted Fund Disposition, no Relevant Party shall have any obligation or liability to (i) the transferred entity, (ii) any Opco transferred (directly or indirectly), (iii) the transferee or (iv) any other Person pursuant to any Portfolio Documents in respect of the transferred entity or any Opco transferred (directly or indirectly in connection with such Permitted Fund Disposition); and

(i) after giving effect to such Permitted Fund Disposition, no Subsidiary of the Borrower that is being sold, assigned, transferred or disposed of pursuant to a Permitted Fund Disposition shall be party to a Transition Management Agreement with any other Subsidiary of the Borrower.

“Permitted Fund Disposition Certificate” shall mean a certificate from an Authorized Officer in the form of Exhibit M delivered by the Borrower in accordance with the definition of Permitted Fund Disposition.

“Permitted Indebtedness” shall have the meaning given to it in Section 7.01.

“Permitted Liens” shall mean:

(a) Liens imposed by any Governmental Authority for taxes, assessments or other governmental charges (i) that are not yet due or (ii) that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted (and enforcement of such Lien shall have been stayed) so long as (x) such proceeding shall not involve any material risk of the sale, forfeiture or loss of any part of any Project and shall not interfere with the use or disposition of any Project and (y) the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security;

(b) mechanics’, materialmen’s, repairmen’s and other similar liens arising in the ordinary course of business or incident to the construction, improvement or restoration of a Project in respect of obligations (i) that are not yet due or (ii) that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted (and enforcement of such Lien shall have been stayed) so long as (x) such proceedings shall not involve any material risk of forfeiture, sale

or loss of any part of such Project and shall not interfere with the use or disposition of any Project, and (y) the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security;

(c) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and that are not incurred to secure Indebtedness and encumbrances, licenses, restrictions on the use of property or minor imperfections in title that do not materially impair the property affected thereby for the purpose for which title was acquired or interfere with the operation and maintenance of a Project;

(d) judgment Liens that (i) do not involve any material risk of the sale, forfeiture or loss of any part of any Project and do not interfere with the use or disposition of any Project, (ii) within ten (10) Business Days of their existence or after the entry thereof, are being contested in good faith and by appropriate appeal or review proceedings (and execution thereof is stayed pending such appeal or review), (iii) for which the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security and (iv) which could not reasonably be expected to result in an Event of Default;

(e) deposits or pledges required to secure the performance of statutory obligations, appeals, supersedes and other bonds in connection with judicial or administrative proceedings and other obligations of a like nature not in excess of \$50,000 in the aggregate;

(f) zoning, entitlement, conservation restrictions and other land use and environmental regulations by Governmental Authorities that do not involve any material risk of the sale, forfeiture or loss of any part of any Project and do not interfere with the use or disposition of any Project, and provided that the relevant owner of legal title to a Project is not in violation thereof;

(g) statutory Liens of banks (and rights of set off) not securing Indebtedness and incurred in the ordinary course of business;

(h) Liens created pursuant to the Loan Documents;

(i) Liens incurred to secure the obligations of an Opco under an Excluded REC Contract, solely to the extent such Liens are limited to the RECs sold under an Excluded REC Contract that are actually produced and the proceeds thereof; and

(j) in respect of the Tax Equity Opco's only, Liens permitted under the terms of the applicable Tax Equity Documents to the extent not included in clauses (a) through (i) of this definition of "Permitted Liens" that have either (i) been approved in writing by the Administrative Agent or (ii) subject to [Section 7.15](#), when taken together, could not reasonably be expected to result in a material adverse effect upon the business, operations, assets or condition (financial or otherwise) of any individual Tax Equity Opco.

"Person" shall mean any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust (including any beneficiary thereof), unincorporated organization, or government or any agency or political subdivision thereof.

“Placed in Service” shall mean, in respect of a Project, that it has been placed in service for U.S. federal tax purposes, including that it has been placed in a condition or state of readiness and availability for its specifically assigned function of generating electricity from solar energy and specifically that (i) all necessary permits and licenses for operating such Project have been obtained (including permission to operate from the applicable local utility), (ii) all critical tests necessary for proper operation of such Project have been performed, (iii) legal title to such Project is held by a Subsidiary (and title and control of such Project has been handed over by the installer under the applicable installation agreement), (iv) initial synchronization of such Project to the grid has occurred and (v) daily operation of such Project has begun.

“Plan” shall mean an “employee benefit plan” within the meaning of section 3(3) of ERISA which is subject to Title I of ERISA; a plan, individual retirement account or other arrangement that is subject to section 4975 of the Code or provisions under any Similar Laws; and an entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement.

“Pledge Agreement” shall mean that certain pledge agreement dated as of the Closing Date by and between the Pledgor and the Collateral Agent for the benefit of the Lenders, with respect to the Borrower Membership Interests.

“Pledge and Security Agreement” shall mean that certain pledge and security agreement dated as of the Closing Date by and between the Borrower and the Collateral Agent for the benefit of the Secured Parties.

“Pledgor” shall have the meaning given to it in the Recitals.

“Portfolio Documents” shall mean (a) the Project Documents, (b) the Tax Equity Documents, (c) the Wholly Owned Opco Documents and (d) the Management Agreement.

“Portfolio Value” shall mean, as of any date of determination, the remaining present value of the projected Cash Available for Debt Service from the Eligible Projects in the Project Pool determined in accordance with the Base Case Model (updated as of such determination date) until the then applicable Customer Agreement Termination Date, discounted at six percent (6%) per annum.

“Prepaid Customer Agreement” shall mean a Customer Agreement with respect to which all amounts due from the Customer over the term of such Customer Agreement in respect of the delivery of Energy have been prepaid.

“Prepayment Event Certificate” shall mean a certificate from an Authorized Officer in the form attached to a Transfer Date Certificate, containing: (a) a comprehensive report of each Customer Prepayment Event occurring during the quarterly period ending on the applicable Calculation Date and (b) the Borrower’s good faith, detailed calculation of the amount required to be repaid in accordance with Section 4.03(f) in connection therewith, together with such changes thereto as the Administrative Agent may from time to time reasonably request for the purpose of monitoring the Borrower’s compliance with Section 4.03(f).

“Pre-PTO Conditions” shall mean, with respect to a Project as of an Available Borrowing Base Determination Date, (a) such Available Borrowing Base Determination Date is (1) if such Project has not achieved Substantial Completion, less than [***] days after the date on which such Project achieved Installation Completion, (2) if such Project has achieved Substantial Completion, less than [***] days after the date on which such Project achieved Substantial Completion, (3) prior to the date by which such Project is required to have received a PTO Letter under the applicable Tax Equity Documents and (4) prior to the last day of the Availability Period and (b) such Project became part of the Project Pool more than three months prior to the end of the Availability Period.

“Pre-PTO Eligible Project” shall mean an Eligible Project that has not achieved Substantial Completion and/or has not received a PTO Letter, but satisfies the Pre-PTO Conditions.

“Pre-PTO Eligible Project Net Cash Flow” shall have the meaning given to it in the definition of Base Case Model.

“Prime Rate” means the rate which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time. The Administrative Agent’s prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above, or below the Administrative Agent’s prime lending rate. Any change in such rate announced by the Administrative Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

“Project” shall mean a residential photovoltaic system including photovoltaic panels, racking systems, wiring and other electrical devices, conduit, weatherproof housings, hardware, inverters, remote operating equipment, connectors, meters, disconnects, over current devices and battery storage (including any replacement or additional parts included from time to time) and, unless the context otherwise requires a reference to such residential photovoltaic system only, shall include the applicable Customer Agreement and PBI Documents related to such photovoltaic system and all other related rights, Permits and manufacturer, installer and other warranties applicable thereto.

“Project Documents” shall mean (a) each Customer Agreement (including any Payment Facilitation Agreement), (b) all PBI Documents, and (c) each Master Turnkey Installation Agreement.

“Project Information” shall mean the information listed on Schedule A, as such schedule may be updated from time to time on each Available Borrowing Base Determination Date.

“Project Pool” shall mean the Projects owned by the Opcos.

“Project State” shall mean each state of the United States of America or Washington, D.C., to the extent approved under the applicable Tax Equity Documents.

“Projected Amortization Date” shall mean the date that principal amount of the Delayed Draw Loans is projected to be paid in full in accordance with the Base Case Model based on a 100% cash sweep after the Maturity Date.

“Prudent Industry Practices” shall mean, with respect to any Project, those practices, methods, acts, equipment, specifications and standards of safety and performance, as they may change from time to time, that (a) are commonly used to own, manage, repair, operate, maintain and improve distributed solar energy generating facilities and associated facilities of the type that are similar to such Project, safely, reliably, prudently and efficiently and in material compliance with applicable requirements of Law and manufacturer, installer and other warranties and (b) are consistent with the exercise of the reasonable judgment, skill, diligence, foresight and care expected of a distributed solar energy generating facility operator or manager in order to accomplish the desired result in material compliance with applicable safety standards, applicable requirements of Law, manufacturer, installer and other warranties and the applicable Customer Agreement, in each case, taking into account the location of such Project, including climatic, environmental and general conditions. “Prudent Industry Practices” are not intended to be limited to certain practices or methods to the exclusion of others, but are rather intended to include a broad range of acceptable practices, methods, equipment specifications and standards used in the photovoltaic solar power industry during the relevant time period.

“PTO Letter” shall mean, with respect to a Project, a permission to operate letter or its functional equivalent as issued by the connecting utility authorizing the operation of such Project.

“PUHCA” shall mean the Public Utility Holding Company Act of 2005, as amended, and FERC’s regulations thereunder.

“Qualified Installer” shall mean the Sponsor, an Affiliate of the Sponsor or any other counterparty party to a Master Turnkey Installation Agreement.

“Qualified Owner” shall mean any Person that (a)(i) has a tangible net worth of at least \$300,000,000 or meets the Credit Requirements or (ii) has its membership obligations in respect of its direct or indirect ownership interests in the Pledgor guaranteed by an Affiliate that has a tangible net worth of at least \$300,000,000 or meets the Credit Requirements and (b) has the Owner Operator Experience or has contracted with a Person who has the Owner Operator Experience.

“Qualifying Facility” shall mean a “qualifying facility” as defined in the regulations of FERC at 18 C.F.R. § 292.101(b)(1) that also qualifies for the regulatory exemptions from the FPA set forth at 18 C.F.R. § 292.601(c), including the exemption from regulation under Sections 205 and 206 of the FPA set forth at 18 C.F.R. § 292.601(c)(1), the regulatory exemptions from PUHCA set forth at 18 C.F.R. § 292.602(b) and the exemptions from certain state laws and regulations set forth at 18 C.F.R. § 292.602(c).

“Quotation Day” shall mean the Interest Rate Determination Date, unless market practice differs in the London interbank market, in which case the Quotation Day will be determined by the Administrative Agent in accordance with market practice in the London interbank market (and if

quotations would normally be given by leading banks in the London interbank market on more than one day, the Quotation Day will be the last of those days).

“REC” shall mean any credits, credit certificates, green tags or similar environmental or green energy attributes (such as those for greenhouse reduction or the generation of green power or renewable energy) created by a Governmental Authority and/or independent certification board or group generally recognized in the electric power generation industry, and generated by or associated with any Project or electricity produced therefrom, but specifically excluding any and all production tax credits, investment tax credits, grants in-lieu of tax credits and other tax benefits and any performance based incentives paid under a program maintained or administered by a utility or federal, state or local Governmental Authority.

“REC Contract” shall mean a contract for the purchase of RECs and/or the related Reporting Rights.

“REC Purchaser” shall mean the purchaser of RECs and/or the related Reporting Rights under a REC Contract.

“Recapture Period” shall mean, with respect to any Project, the period from the date such Project is Placed in Service through the fifth anniversary of such date.

“Recipient” shall mean (a) an Agent, (b) any Lender, (c) the LC Issuer or (d) any other Secured Party, as applicable.

“Reference Banks” shall have the meaning given to it in the definition of LIBOR.

“Register” shall have the meaning given to it in Section 12.05(c).

“Reimbursement Date” shall have the meaning set forth in Section 2.02(c)(ii) of the Agreement.

“Related Party” shall mean, with respect to any Person, each of such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Release” shall mean any disposing, discharging, injecting, spilling, leaking, leaching, dumping, pumping, pouring, emitting, escaping, emptying, seeping, migrating, placing and the like, into, under, through, or upon any land or water or air, or otherwise entering into the environment, or the threat thereof.

“Relevant Party” shall mean each of the Loan Parties and the Tax Equity Opcos.

“Rents” shall mean the monies owed to the applicable Relevant Party by the Customers pursuant to the Customer Agreements, including any lease payments under any solar lease agreement and power purchase payments under any solar power service agreement or solar power purchase agreement that is a Customer Agreement.

“Replaced Hedge Provider” shall have the meaning given to it in Section 4.10(b).

“Replacement Hedge Provider” shall have the meaning given to it in Section 4.10(b).

“Reporting Right” shall mean the right of a Person that owns a REC to report that it owns such REC (i) to any Governmental Authority or other Person under any emissions trading or reporting program, public or private, having jurisdiction over, or otherwise charged with overseeing or reviewing the activities of, such Person in respect of such REC, and (ii) to Customers or potential customers for the purposes of marketing and advertising.

“Required Facility Lenders” shall mean, with respect to any Facility, at least two Lenders (or all Lenders if there is only one Lender), other than Defaulting Lenders, representing more than 50% of the undrawn Commitments, Loans and LC Exposure, as the case may be, outstanding under such Facility.

“Required Lenders” shall mean at least two Lenders (or all Lenders if there is only one Lender), other than Defaulting Lenders, representing more than 50% of the aggregate amount of (and for the avoidance of doubt, taken together) undrawn Commitments, Loans and LC Exposure outstanding.

“Resignation Effective Date” shall have the meaning given to it in Section 11.06(a).

“Restricted Payment” shall mean any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to an owner of a beneficial interest in such Person or otherwise with respect to any ownership or equity interest or security in or of such Person.

“Revenue Account” shall have the meaning given to it in the Depository Agreement.

“Sanctioned Country” shall mean any country or other territory subject to a general export, import, financial or investment embargo under any Sanctions, which, as of the date of this Agreement, include Cuba, Crimea, Iran, North Korea, North Sudan and Syria.

“Sanctions” shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Sanctions Authority.

“Sanctions Authority” shall mean (i) the United States, (ii) the United Nations Security Council, (iii) the European Union, (iv) the United Kingdom or (v) the respective governmental institutions of any of the foregoing including, without limitation, Her Majesty’s Treasury, the Office of Foreign Assets Control of the US Department of the Treasury, the US Department of Commerce, the US Department of State and any other agency of the US government.

“Sanctions List” shall mean any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time (including any the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury).

“Secured Hedge Provider” shall have the meaning given to it in the Collateral Agency Agreement.

“Secured Hedging Obligations” shall mean the obligations of the Borrower under the Secured Interest Rate Hedging Agreements.

“Secured Interest Rate Hedging Agreement” shall mean each Interest Rate Hedging Agreement entered into by the Borrower with a Secured Hedge Provider.

“Secured Party” shall have the meaning given to such term in the Collateral Agency Agreement.

“Serial Defect” shall have the meaning given to such term in the Depository Agreement.

“Service Fees” shall have the meaning given to such term in the O&M Agreements.

“Servicer Termination Event” shall mean:

(a) failure by the Operator, Manager or the Sponsor to make any payment, transfer or deposit (including payments from the General Account and payments to the Collections Account) required to be made under terms of Section 3.01, an O&M Agreement or the Management Agreement within three (3) Business Days of the date required;

(b) failure by the Manager to deliver the Manager’s report referred to in Section 6.01(a)(iii) or the Operator to deliver the Operator’s reports referred to in Section 6.01(a)(iv) within five (5) Business Days of date required to be delivered;

(c) an event of default (howsoever described) or right or cause to remove the Operator or Manager arises under an O&M Agreement or the Management Agreement;

(d) an event described in Section 10.01(e) or Section 10.01(f) occurs with respect to the Operator or Manager;

(e) any (i) representation or warranty made by the Operator or Manager in an O&M Agreement or the Management Agreement, or any Financial Statement or certificate, report or other writing furnished pursuant thereto, or (ii) certificate, report, any Financial Statement or other writing made or prepared by, under the control of or on behalf of the Operator or Manager shall prove to have been untrue or misleading in any material respect as of the date made; provided, however, that if any such misstatement is capable of being remedied and has not caused a Material Adverse Effect, the Operator or Manager (as applicable) may correct such misstatement by curing such misstatement (or the effect thereof) and delivering a written correction of such misstatement, in a form and substance satisfactory to the Administrative Agent, within thirty (30) days of (x) obtaining Knowledge of such misstatement or (y) receipt of written notice from a Relevant Party or the Administrative Agent of such default;

(f) the Operator or Manager ceases to be in business of monitoring or maintaining energy equipment of a type comparable to the Projects;

(g) at all times that the Sponsor is an Operator or Manager, an Event of Default shall have occurred and is continuing;

(h) the Debt Service Coverage Ratio is less than 1.05 to 1.00 on any Calculation Date; and

(i) termination of an O&M Agreement by a Tax Equity Opco (including the Tax Equity Class A Member on its behalf) other than at its normal expiry date in accordance with its terms.

“Similar Law” shall mean the provisions under any federal, state, local, non-U.S. or other Laws or regulations that are similar to the fiduciary responsibility provisions of Title I of ERISA or prohibited transaction provisions of Title I of ERISA or section 4975 of the Code.

“S&P” shall mean Standard & Poor’s Financial Services, LLC, a subsidiary of the McGraw-Hill Companies, Inc.

“Sponsor” shall have the meaning given to it in the Recitals.

“Stated Amount” shall mean, with respect to any Letter of Credit at any time, the total amount in U.S. Dollars available to be drawn under such Letter of Credit at such time.

“Subsidiary” of a Person shall mean a corporation, partnership, limited liability company or other business entity of which a majority of the shares of the securities is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Substantial Completion” shall mean, with respect to a Project, “Substantial Completion” or any similar term, as such term is defined in the applicable Master Turnkey Installation Agreement, which standard shall at a minimum include the requirement that (a) such Project has achieved Installation Completion and the applicable building authority has satisfactorily completed any required inspection and (b) a meter test has been successfully completed to ensure that the Project is capable of producing electricity as expected.

“Swap Agreement” shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

“Swap Termination Payment” shall have the meaning given to it in the Depository Agreement.

“Target Flip Date” shall have, in respect of any IRR Partnership Flip Opco, the meaning given to the term “Target Flip Date” or to any other similarly defined term in the applicable Limited Liability Company Agreement of such IRR Partnership Flip Opco.

“Tax Equity Account Agreement” shall mean any blocked account control agreement entered into by and between any Tax Equity Opco, the applicable Guarantor, and the Tax Equity Depository Bank.

“Tax Equity Back-Up Servicing Agreement” shall mean, with respect to each Tax Equity Fund, (a) the Back-Up Servicing Agreement among an Operator, the applicable Tax Equity Opco and the Back-Up Servicer and identified by the Borrower as a Tax Equity Back-Up Servicing Agreement on Schedule 1.01(a) and (b) each replacement for such agreement in a form and substance reasonably acceptable to the Administrative Agent entered into with a replacement back-up servicer in accordance with the terms and conditions hereof and the Tax Equity Documents.

“Tax Equity Class A Member” shall mean, with respect to any Tax Equity Opco, a member of such Tax Equity Opco other than a Tax Equity Holdco.

“Tax Equity Class B Membership Interests” shall mean the outstanding class B membership interests or managing member interests (including all such Economic Interests and Voting Rights applicable to the managing member) issued by any Tax Equity Opco.

“Tax Equity Depository Bank” shall mean any entity designated as a “Tax Equity Depository Bank” by the Borrower on Schedule 1.01(a) and any such Person’s successors and assigns as Tax Equity Depository Bank under each applicable Tax Equity Account Agreement.

“Tax Equity Documents” shall mean (i) for each Tax Equity Opco, the applicable Tax Equity Limited Liability Company Agreement, Master Purchase Agreement, Tax Equity Opco O&M Agreement, Tax Equity Account Agreement, Tax Equity Back-Up Servicing Agreement or Transition Management Agreement, as applicable, Tax Equity Guaranty, and any other documents reflecting an agreement between the Sponsor (or any Affiliate of the Sponsor) and any of the Tax Equity Class A Members relating to the applicable Tax Equity Class A Member’s investment in a Project or such Tax Equity Opco and (ii) with respect to any Wholly Owned Opco, the documents referred to in clause (i) prior to such date as the Wholly Owned Opco ceased to be a Tax Equity Opco.

“Tax Equity Fund” shall mean each tax equity investment structure set forth on Schedule 5.03(e).

“Tax Equity Guaranty” shall mean each guaranty issued by the Sponsor, as guarantor in favor of the applicable Tax Equity Opco and the applicable Tax Equity Class A Member.

“Tax Equity Holdco” shall mean each entity designated as a “Tax Equity Holdco” by the Borrower on Schedule 5.03(e).

“Tax Equity Holdco Guaranty and Security Agreement” shall mean any Guaranty and Security Agreement executed by a Tax Equity Holdco in favor of the Collateral Agent for the benefit of the Lenders on the Closing Date.

“Tax Equity Holdco Membership Interests” shall mean the outstanding limited liability company interests issued by any Tax Equity Holdco (including all Economic Interests and Voting Rights).

“Tax Equity Limited Liability Company Agreement” shall mean the respective limited liability company agreement or operating agreement of each Tax Equity Opco.

“Tax Equity Opco” shall mean each tax equity investment structure designated as a “Tax Equity Opco” by the Borrower on Schedule 5.03(e).

“Tax Equity Opco O&M Agreement” shall mean, with respect to each Tax Equity Fund, (a) the Master Operation, Maintenance and Administration Agreement by and between the applicable Tax Equity Opco and an Operator and identified by the Borrower as a Tax Equity Opco O&M Agreement on Schedule 1.01(a) and (b) each replacement for such agreement in a form and substance reasonably acceptable to the Administrative Agent entered into with an Operator in accordance with the terms and conditions hereof and the applicable Tax Equity Back-Up Servicing Agreement or Tax Equity Transition Management Agreement, as applicable, and the other applicable Tax Equity Documents.

“Tax Equity Transition Management Agreement” shall mean, with respect to each Tax Equity Fund, (a) the Transition Management Agreement among an Operator, the applicable Tax Equity Opco and the Transition Manager and identified by the Borrower as a Tax Equity Transition Management Agreement on Schedule 1.01(a) and (b) each replacement for such agreement in a form and substance reasonably acceptable to the Administrative Agent entered into with a replacement transition manager in accordance with the terms and conditions hereof and the Tax Equity Documents.

“Tax Exempt Person” shall mean (a) the United States, any state or political subdivision thereof, any possession of the United States or any agency or instrumentality of any of the foregoing, (b) any organization which is exempt from tax imposed by the Code (including any former tax-exempt organization within the meaning of section 168(h)(2)(E) of the Code), (c) any Person who is not a United States Person, (d) any Indian tribal government described in section 7701(a)(40) of the Code and (e) any “tax-exempt controlled entity” under section 168(h)(6)(F) of the Code; provided, however, that any such Person shall not be considered a Tax-Exempt Person to the extent that (i) the exception under section 168(h)(1)(D) of the Code applies with respect to the income from the Borrower for that Person, (ii) the Person is described within clause (c) of this definition, and the exception under section 168(h)(2)(B)(i) of the Code applies with respect to the income from the Borrower for that Person, or (iii) such Person avoids being a “tax-exempt controlled entity” under section 168(h)(6)(F) of the Code by making an election under section 168(h)(6)(F)(ii) of the Code. A Person shall cease to be a Tax Exempt Person if (i) such Person ceases to be a “tax-exempt entity” within the meaning of section 168(h)(2) of the Code or any successor provision thereto, by virtue of a change in such section or provision of the Code; or (ii) such Person ceases to be a “tax-exempt controlled entity” within the meaning of section 168(h)(6)(F) of the Code or any successor provision thereto, by virtue of a change in such section or provision of the Code.

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“Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Tracking Model” shall mean, with respect to an IRR Partnership Flip Fund, “Tracking Model” or any similar term, as such term is defined in the Limited Liability Company Agreement of the applicable IRR Partnership Flip Opco.

“Trade Date” shall have the meaning given to it in Section 12.05(b)(i)(B).

“Transaction Document” shall mean, collectively, each Loan Document and each Portfolio Document.

“Transfer Date Certificate” shall have the meaning given to “Executed Withdrawal/Transfer Certificate” in the Depository Agreement.

“Transition Management Agreement” shall mean, collectively, (i) any Wholly Owned Opco Transition Management Agreement and (ii) any Tax Equity Transition Management Agreement.

“Transition Manager” shall mean [***] or any entity designated as a “Transition Manager” by the Borrower on Schedule 1.01(a) and any such Person’s successors and assigns as Transition Manager under each applicable Transition Management Agreement.

“Type” when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “Rate” shall mean the LIBO Rate and the Base Rate.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

“Undisclosed Administration” shall mean, in relation to a Lender or its direct or indirect parent company, the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian, or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender or such parent company is subject to home jurisdiction, if applicable law requires that such appointment not be disclosed.

“U.S. Person” shall mean any Person that is a “United States Person” as defined in section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” shall have the meaning given to it in Section 4.09(e)(ii)(B)(III).

“Voting Rights” shall mean the right, directly or indirectly, to vote on or cause the direction of the management and policies of a Person in ordinary and extraordinary matters through the ownership of voting securities; provided, however, that a Person shall not be deemed to hold Voting Rights if by contract or by order, decree or regulation of any Governmental Authority, such Person has effectively ceded or been divested of the power to exercise such vote on, or cause the direction of, such management and policies.

“Wholly Owned Holdco” shall mean each entity designated as a “Wholly Owned Holdco” by the Borrower with the consent of the Administrative Agent (acting at the instruction of the Required Lenders) given in connection with Section 7.10(d).

“Wholly Owned Holdco Guaranty and Security Agreement” shall mean any Guaranty and Security Agreement executed by a Wholly Owned Holdco in favor of the Collateral Agent for the benefit of the Lenders as and when may be required by, and in form and substance reasonably acceptable to, the Administrative Agent in connection with any consent granted in accordance with Section 7.10(d).

“Wholly Owned Holdco Membership Interests” shall mean all of the outstanding membership interests issued by a Wholly Owned Holdco (including all Economic Interests and Voting Rights).

“Wholly Owned Opco” shall mean each entity designated as a “Wholly Owned Opco” by the Borrower with the consent of the Administrative Agent (acting at the instruction of the Required Lenders) given in connection with Section 7.10(d).

“Wholly Owned Opco Back-Up Servicing Agreement” shall mean, with respect to each Wholly Owned Opco, (a) the Back-Up Servicing Agreement, to be entered into in form and substance reasonably satisfactory to the Administrative Agent, among Back-Up Servicer, Borrower, the Sponsor, Operator and the Collateral Agent and identified by the Borrower as a Wholly Owned Opco Back-Up Servicing Agreement with the consent of the Administrative Agent (acting at the instruction of the Required Lenders) given in connection with Section 7.10(d), and (b) each replacement for such agreement in a form and substance reasonably acceptable to the Administrative Agent entered into with a replacement back-up servicer in accordance with the terms and conditions hereof and the Wholly Owned Opco Back-Up Servicing Agreement (from and following the date that such agreement becomes effective).

“Wholly Owned Opco Deposit Accounts” shall mean those accounts subject to an Account Control Agreement.

“Wholly Owned Opco Documents” shall mean, for each Wholly Owned Opco, the applicable Wholly Owned Opco Limited Liability Company Agreement and each other document designated as a “Wholly Owned Opco Document” by the Borrower with the consent of the Administrative Agent (acting at the instruction of the Required Lenders) given in connection with Section 7.10(d).

“Wholly Owned Opco Guaranty and Security Agreement” shall mean any Guaranty and Security Agreement executed by a Wholly Owned Opco in favor of the Collateral Agent for the benefit of the Lenders as and when may be required by, and in form and substance reasonably acceptable to, the Administrative Agent in connection with any consent granted in accordance with Section 7.10(d).

“Wholly Owned Opco Limited Liability Company Agreement” shall mean the respective limited liability company agreement or operating agreement of each Wholly Owned Opco.

“Wholly Owned Opco Membership Interests” shall mean all of the outstanding membership interests issued by a Wholly Owned Opco (including all Economic Interests and Voting Rights).

“Wholly Owned Opco O&M Agreement” shall mean, with respect to each Wholly Owned Opco, (a) a Master Operation and Maintenance Agreement by and between a Wholly Owned Opco and Operator and identified by the Borrower as a Wholly Owned Opco O&M Agreement on Schedule 1.01(a), and (b) each replacement for such agreement in a form and substance reasonably acceptable to the Administrative Agent entered into with an Operator in accordance with the terms and conditions hereof and the Wholly Owned Opco Back-Up Servicing Agreement or Transition Management Agreement, as applicable (from and following the date that any such agreement becomes effective).

“Wholly Owned Opco Transition Management Agreement” shall mean, with respect to each Wholly Owned Opco, (a) the Transition Management Agreement, to be entered into in form and substance reasonably satisfactory to the Administrative Agent, among Transition Manager, Borrower, the Sponsor, Operator and the Collateral Agent and identified by the Borrower as a Wholly Owned Opco Transition Management Agreement on Schedule 1.01(a), and (b) each replacement for such agreement in a form and substance reasonably acceptable to the Administrative Agent entered into with a replacement transition manager in accordance with the terms and conditions hereof and the Wholly Owned Opco Transition Management Agreement (from and following the date that such agreement becomes effective).

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02 Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined herein and accounting terms partly defined herein, to the extent not defined, shall have the respective meanings given to them under GAAP as in effect from time to time;

(c) “or” is not exclusive;

(d) “including” shall mean including without limitation;

(e) words in the singular include the plural and words in the plural include the singular;

(f) all references to “\$” are to United States dollars unless otherwise stated;

(g) any agreement, instrument or statute defined or referred to in this Agreement or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its successors and permitted assigns; and

(h) the words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

Section 1.03 Time of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.04 Class of Loan. For purposes of this Agreement, Loans may be classified and referred to by class (“Class”). The “Class” of a Loan refers to whether such Loan is a Delayed Draw Loan or an LC Loan and, when used in reference to any Commitment, refers to whether such Commitment is a Delayed Draw Loan Commitment or a LC Commitment.

ARTICLE II THE LOANS

Section 2.01 Delayed Draw Loans.

(a) On the Closing Date and from time to time thereafter during the Availability Period, but no more than once a month during the Availability Period, the Borrower may request a loan (a “Delayed Draw Loan”) in an aggregate amount not to exceed the total aggregate Delayed Draw Loan Commitments of all Delayed Draw Lenders by submitting a Borrowing Notice to the Administrative Agent in accordance with Section 2.01(c). Subject to the terms and conditions set forth herein, each Delayed Draw Lender agrees severally, and not jointly, to make such Delayed Draw Loan to the Borrower in a principal amount not to exceed its Delayed Draw Loan Commitment. Any Delayed Draw Loan requested under this Section 2.01 shall be made by the Delayed Draw Lenders ratably in proportion to their respective share of the aggregate Delayed Draw Loan Commitments; provided that the disbursement of such Delayed Draw Loan shall not result in the

aggregate principal amount of the Delayed Draw Loans outstanding at any time, after giving effect to such Delayed Draw Loan, exceeding the lesser of (i) the total aggregate Delayed Draw Loan Commitments of all Delayed Draw Lenders and the (ii) the Available Borrowing Base, after giving effect to such Delayed Draw Loan. Each Delayed Draw Lender's Delayed Draw Loan Commitment shall expire on the last day of the Availability Period after giving effect to any funding of such Delayed Draw Lender's Delayed Draw Loan Commitment on such date. The Delayed Draw Loans may be Base Rate Loans or LIBO Rate Loans.

(b) [Reserved]

(c) The Borrower shall deliver a Borrowing Notice to the Administrative Agent for its approval no later than 10:00 a.m. (Cleveland, Ohio time) at least five (5) Business Days in advance of the proposed funding date (which may be the Closing Date) (or such shorter timeframe as may be agreed to by the Administrative Agent in its sole discretion). Each such Borrowing Notice shall be irrevocable, shall be signed by an Authorized Officer of the Borrower and shall specify the following information in compliance with this Section 2.01:

(i) the principal amount of Delayed Draw Loans to be borrowed, which shall be in an aggregate minimum amount of \$2,000,000 and integral multiples of \$100,000 in excess of that amount, or, if less, the remaining amount necessary in order for Borrower to fully utilize all available Delayed Draw Loan Commitments;

(ii) the applicable date of the funding of such Delayed Draw Loan (an "Advance Date"), which shall be a Business Day;

(iii) the account(s) to which the proceeds of such Delayed Draw Loan are to be disbursed (if applicable);

(iv) the Type of Loans to be borrowed; and

(v) certifying that (i) after giving effect to the proposed borrowing, the aggregate principal amount of the Delayed Draw Loans outstanding will not be greater than the Available Borrowing Base calculated as of such date and (ii) each of the conditions set forth in Section 9.01 will be satisfied on the Closing Date or each of the conditions set forth in Section 9.02 will be satisfied on the date of any subsequent Advance Date.

(d) If the Borrower fails to specify a Type of Loan in a Borrowing Notice, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Each such continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the continued Borrowing.

(e) Provided the Administrative Agent shall have received the applicable Borrowing Notice by no later than 10:00 a.m. (Cleveland, Ohio time) on an applicable Business Day, the Administrative Agent shall advise each Delayed Draw Lender of its pro rata share of the applicable Delayed Draw Loan (determined as the percentage which such Delayed Draw Lender's

Delayed Draw Loan Commitment then constitutes of the aggregate Delayed Draw Loan Commitments) no later than 2:00 p.m. (Cleveland, Ohio time) on the Business Day immediately following the Administrative Agent's receipt of such Borrowing Notice.

(f) The Borrower shall use the proceeds of the Delayed Draw Loans borrowed under this Section 2.01 solely (i) to pay a distribution to the Pledgor in reimbursement of Pledgor for capital costs associated with the deployment of the applicable Project Pool, (ii) to pay the fees due pursuant to each Fee Letter and the Loan Documents and costs and expenses incurred pursuant to the Loan Documents or otherwise in connection with this financing, (iii) to pay existing Indebtedness of the Subsidiaries included in the Project Pool and (iv) to fund the Debt Service Reserve Account.

(g) Subject to the terms and conditions set forth herein (including the prior satisfaction or waiver of the applicable conditions precedent under Article IX), each Delayed Draw Lender shall make the amount of its Delayed Draw Loan available to the Administrative Agent (or such Person or account directed by the Administrative Agent) not later than 11:00 a.m. (Cleveland, Ohio time) on the applicable funding date by wire transfer of same day funds, in Dollars to such account specified by the Administrative Agent (which may include the Funding Account). Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall make the proceeds of such Delayed Draw Loans available to the Borrower on the applicable funding date by causing an amount of same day funds in Dollars equal to the proceeds of all such Delayed Draw Loans received into such account from the Delayed Draw Lenders by 11:00 a.m. (Cleveland, Ohio time) on such date to be credited to the account of the Borrower designated in the Borrowing Notice delivered pursuant to Section 2.01(c). The proceeds of a Delayed Draw Loan funded on the Closing Date shall be made available to the Borrower in accordance with the Closing Date Funds Flow Memorandum.

(h) Delayed Draw Loans that have been repaid or prepaid may not be re-borrowed (other than any repayment or prepayment during the Availability Period pursuant to Section 4.03(b) or Section 4.03(c)).

(i) The Borrower may, from time to time upon at least five (5) Business Days' notice permanently reduce the Delayed Draw Loan Commitment by the amount specified in such notice.

Section 2.02 Letters of Credit.

(a) Issuance.

(i) Subject to and upon the terms and conditions set forth herein, the Borrower may request the issuance of, and the LC Issuer hereby agrees to issue Letters of Credit, for the Borrower's account, at any time during the LC Availability Period solely for the purposes of satisfying the Debt Service Reserve Required Amount (and the LC Issuer shall refuse to issue a Letter of Credit for any other purpose). Letters of Credit issued hereunder shall constitute utilization of the total aggregate LC Commitment and at any time the LC Exposure of all LC Lenders at such time shall not exceed the total

aggregate LC Commitment of all LC Lenders. The LC Issuer will make available to the Collateral Agent, as beneficiary thereof, the original of the Letter of Credit issued by it hereunder and any subsequent modifications or amendments thereto.(ii) Immediately upon the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) by the LC Issuer and without any further action on the part of the LC Issuer or the LC Lenders, each LC Lender shall be deemed to have purchased, and hereby agrees to irrevocably purchase, from the LC Issuer a participation in such Letter of Credit and any drawings honored thereunder in an amount equal to such LC Lender's pro rata share (determined as the percentage which such LC Lender's LC Commitment then constitutes of the aggregate LC Commitments) of the Stated Amount under such Letter of Credit.

(iii) Each Letter of Credit shall (A) be denominated in Dollars, (B) expire no later than the earlier of (x) the 7th anniversary of its date of issuance and (y) the Maturity Date and (C) be issued subject to "Uniform Customs and Practice for Documentary Credits" (2007 Revision), International Chamber of Commerce, Publication No. 600 or "International Standby Practices 1998", International Chamber of Commerce, Publication No. 590, as mutually agreed between the Borrower, the Administrative Agent and the applicable LC Issuer.

(b) Notice of LC Activity.

(i) Subject to Section 2.02(d), the Borrower may request (A) the issuance or extension of any Letter of Credit and (B) any decrease or increase in the Stated Amount thereof by delivering to the Administrative Agent and the LC Issuer an irrevocable written notice in the form of Exhibit C-2, appropriately completed (a "Notice of LC Activity"), which shall specify, among other things: the particulars of the Letter of Credit to be issued, extended or amended, including the (1) the proposed issuance, extension or amendment date of the requested Letter of Credit (which shall be a Business Day); (2) the requested Stated Amount of the Letter of Credit or the amount by which such Stated Amount is to be decreased or increased (as applicable), (3) the expiry date thereof; (4) the name and address of the beneficiary thereof; (5) the documents to be presented by such beneficiary in case of any drawing thereunder; (6) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (7) and, in the case of an amendment, the Letter of Credit to be amended, the nature of the amendment and the written confirmation of the beneficiary of such Letter of Credit confirming a decrease or increase in the Stated Amount of such Letter of Credit; provided, however, that in no instance may any request for a Letter of Credit or the increase in the Stated Amount of a Letter of Credit cause the LC Exposure of all LC Lenders to exceed the total aggregate LC Commitment. The Borrower shall deliver the Notice of LC Activity to the Administrative Agent (with a copy to the LC Issuer) by 11:00 a.m. at least five (5) Business Days before the date of issuance, extension, increase or decrease of the Stated Amount of the Letter of Credit. Additionally, the Borrower shall furnish to the LC Issuer and the Administrative Agent such other documents and information pertaining

to such requested Letter of Credit issuance, extension or amendment, including any LC Documents, as the LC Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any LC Application, the LC Issuer will confirm with the Administrative Agent that the Administrative Agent has received a copy of such LC Application from the Borrower and, if not, the LC Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the LC Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, upon (x) the amendment date, in the case of a requested increase or decrease of the Stated Amount under a Letter of Credit, or (y) the date specified as being the date requested for issuance or extension, in the case of the issuance or extension of a Letter of Credit, in each case as the applicable date is specified in such Notice of LC Activity, subject to the terms and conditions set forth in this Agreement (including Section 2.02(d) and the applicable conditions precedent set forth in Section 9.03), the LC Issuer shall, by amendment to the Letter of Credit, adjust the Stated Amount thereof downward or upward, as applicable, to reflect the decrease or increase, as applicable, or issue or extend the Letter of Credit, in each case as specified in such Notice of LC Activity. Upon the issuance of any Letter of Credit by the LC Issuer or amendment or modification to a Letter of Credit, (1) the LC Issuer shall promptly notify the Administrative Agent of such issuance, extension or amendment and (2) the Administrative Agent shall then promptly notify each applicable LC Lender of such issuance, extension or amendment and each such notice shall be accompanied by a copy of such Letter of Credit or amendment or modification to a Letter of Credit and the amount of each applicable LC Lender's respective participation in such Letter of Credit.

(c) Drawing Payment, Funding of Participations, Funding LC Loans and Reimbursement

(i) The LC Issuer shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit so as to ascertain whether such documents appear on their face to be in accordance with the terms and conditions of such Letter of Credit. Any Drawing Payment with respect to a Letter of Credit shall reduce the Stated Amount thereof dollar for dollar. As between the Borrower and the LC Issuer, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by the LC Issuer, by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the LC Issuer shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) failure of the beneficiary of any such Letter of Credit to comply fully with any conditions required in order to draw upon such Letter of Credit;

(iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the LC Issuer, including any acts or omissions by any Governmental Authority; none of the above shall affect or impair, or prevent the vesting of, any of the LC Issuer's rights or powers hereunder. Without limiting the foregoing and in furtherance thereof, any action taken or omitted by the LC Issuer under or in connection with the Letters of Credit or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not give rise to any liability on the part of the LC Issuer to the Borrower. Notwithstanding anything to the contrary contained in this Section 2.02(c)(i), the Borrower shall retain any and all rights it may have against the LC Issuer for any liability arising solely out of the gross negligence or willful misconduct of the LC Issuer as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(ii) If the LC Issuer shall make any Drawing Payment, it shall provide notice thereof to the Borrower and the Administrative Agent by telephone (confirmed telecopy) (provided that the failure to deliver such notice shall not relieve the Borrower of its obligation to reimburse the LC Issuer in accordance with this Agreement), that such Drawing Payment has been made and the Borrower shall reimburse the LC Issuer in respect of such Drawing Payment by paying to the Administrative Agent an amount equal to such Drawing Payment and any interest accrued pursuant to Section 2.02(g) not later than 11:00 a.m., on the Business Day (the "Reimbursement Date") that is one Business Day following the date on which the Drawing Payment is made; provided, anything contained herein to the contrary notwithstanding, unless the Borrower shall have notified the Administrative Agent and the LC Issuer prior to 12:00 p.m. (Cleveland, Ohio time) on the date such Drawing Payment is made that the Borrower intends to reimburse the LC Issuer for the amount of such Drawing Payment with funds other than the proceeds of LC Loans, the Borrower shall be deemed to have requested on the date that such Drawing Payment is made that its obligation to reimburse such Drawing Payment be financed by the LC Lenders through a borrowing of LC Loans on the Reimbursement Date in an amount in Dollars equal to the amount of such Drawing Payment and each LC Lender shall, on the Reimbursement Date with respect to such Drawing Payment make loans ("LC Loans") ratably (based on the percentage which such LC Lender's LC Commitment then constitutes of the total aggregate LC Commitments) in an aggregate amount equal to such Drawing Payment, the proceeds of which shall be applied directly by the Administrative Agent to reimburse the LC Issuer for the amount of such honored drawing; and provided further, if for any reason proceeds of LC Loans are not received by the LC Issuer on the date of such Drawing Payment in an amount equal to the amount of such Drawing Payment, the Borrower shall reimburse the LC Issuer, on demand, in an amount in same day funds equal to the excess of the amount of such Drawing Payment over the aggregate amount of such applicable LC Loans, if any, which are so received.

All such Loans shall be secured by the Collateral Documents as if made directly to the Borrower and shall initially be Base Rate Loans until converted in accordance with Section 2.03. LC Loans that have been repaid may not be re-borrowed.

(iii) Immediately upon the issuance of each Letter of Credit, each LC Lender shall be deemed to have purchased, and hereby agrees to irrevocably purchase, from the LC Issuer a participation in such Letter of Credit and any drawings honored thereunder in an amount equal to such LC Lender's pro rata share (determined as the percentage which such LC Lender's LC Commitment then constitutes of the aggregate LC Commitments) of the maximum amount which is or at any time may become available to be drawn thereunder. In the event that the Borrower shall fail for any reason to reimburse the LC Issuer as provided in clause (ii) above on the applicable Reimbursement Date, (A) the LC Issuer shall promptly notify the Administrative Agent of the unreimbursed amount of such Drawing Payment with respect to a Letter of Credit and each LC Lender's respective participation therein and (B) then the Administrative Agent shall promptly notify each LC Lender of the unreimbursed amount of such Drawing Payment with respect to a Letter of Credit and such LC Lender's respective participation therein. Each LC Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the LC Issuer, such LC Lender's pro rata share (determined as the percentage which such LC Lender's LC Commitment then constitutes of the aggregate LC Commitments) of each such Drawing Payment on a Letter of Credit within one Business Day after receiving notice. Each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. In the event that any LC Lender fails to make available to the LC Issuer on such business day the amount of such LC Lender's participation in such Letter of Credit as provided in this Section 2.02(c)(iii), the LC Issuer shall be entitled to recover such amount on demand from such Lender together with interest thereon for three Business Days at the rate customarily used by the LC Issuer for the correction of errors among banks and thereafter at LIBOR. Nothing in this Section 2.02(c)(iii) shall be deemed to prejudice the right of any LC Lender to recover from the LC Issuer any amounts made available by such LC Lender to the LC Issuer pursuant to this Section 2.02(c)(iii) in the event that the payment with respect to a Letter of Credit in respect of which payment was made by such LC Lender constituted gross negligence or willful misconduct on the part of the LC Issuer. In the event the LC Issuer shall have been reimbursed by other LC Lenders pursuant to this Section 2.02(c)(iii) for all or any portion of any drawing honored by the LC Issuer under a Letter of Credit, the LC Issuer shall distribute to each LC Lender which has paid all amounts payable by it under this Section 2.02(c)(iii) with respect to such honored drawing such LC Lender's pro rata share (determined as the percentage which such LC Lender's participation in the reimbursed Drawing Payment then constitutes of the aggregate reimbursed Drawing Payment) of all payments subsequently received by the LC Issuer from the Borrower in reimbursement of such honored drawing when such payments are received. Any such distribution shall be made to an LC Lender at its primary address set forth below its name on Appendix B or at such other address as such Lender may request.

(d) Other Reductions of Stated Amount; Cancellation or Return.

(i) The Borrower may, from time to time upon five (5) Business Days' notice and the delivery of a Notice of LC Activity pursuant to clause (b) above to the Administrative Agent, the LC Issuer and the LC Lenders, (1) permanently reduce the total aggregate LC Commitment or (2) permanently or temporarily reduce the Stated Amount of any Letter of Credit, in each case by the amount of \$50,000, or an integral multiple thereof, or, the Borrower may, from time to time upon five (5) Business Days' prior notice to the Administrative Agent, the LC Issuer and the LC Lenders, cancel any Letter of Credit in its entirety; provided, however, (x) so long as any Obligations remain outstanding, the Administrative Agent shall be satisfied that no reduction or cancellation would result in the amounts available under the Debt Service Reserve Account being less than the Debt Service Reserve Required Amount at such time or cause a violation of any provision of this Agreement or a breach of any provision of any other Loan Document and (y) in respect of a reduction or cancellation of an issued Letter of Credit, the Administrative Agent shall have received written notice from the applicable beneficiary of such Letter of Credit, confirming such reduction or cancellation. Additionally, the LC Commitment shall automatically reduce (a) during the Availability Period, concurrently with the reduction of the Delayed Draw Loan Commitment and (b) on each Payment Date occurring after the expiration of the Availability Period, in each case in an amount such that, the remaining LC Commitment is equal to the largest forecasted amount of scheduled interest and principal payable under the Loan Documents over any consecutive six-month period between such date and the Maturity Date; provided that, the Stated Amount under the issued Letters of Credit shall automatically reduce so that, the aggregate Stated Amount of all issued and outstanding Letters of Credit is equal to the remaining LC Commitments. The total aggregate LC Commitment shall not be reduced if the effect thereof would be to cause the LC Exposure of all LC Lenders to exceed the total aggregate LC Commitment. Upon the expiration or cancellation of a Letter of Credit, the Stated Amount in respect of such Letter of Credit shall be permanently reduced to zero.

(ii) Once reduced or cancelled solely pursuant to clause (i) above, the total aggregate LC Commitment may not be increased.

(iii) Concurrently with the repayment of any Drawing Payment (other than by the LC Lenders with the proceeds of LC Loans) or any LC Loan, the aggregate LC Commitments shall reduce in an amount equal to such repayment ratably to each applicable LC Lender's LC Commitment.

(iv) Any reductions to the total aggregate LC Commitment shall be applied ratably to each applicable LC Lender's LC Commitment.

(v) The Letters of Credit shall expire on their respective Expiration Dates, or on such earlier date if canceled pursuant to the terms of the Agreement or the applicable Letter of Credit.

(e) Commercial Practices; Obligations Absolute. The Borrower assumes all risks of the acts or omissions of beneficiary or transferee of any Letter of Credit with respect to the use of such Letter of Credit. The obligations of the Borrower to reimburse the LC Issuer for any Drawing Payments and to repay any Loans made by the applicable LC Lenders pursuant to Section 2.02(c) and the obligations of the applicable LC Lenders under Section 2.02(c) shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms hereof under all circumstances regardless of: (i) the use which may be made of the Letters of Credit or for any acts or omissions of any beneficiary or transferee in connection therewith; (ii) any reference which may be made to the Agreement or to the Letters of Credit in any agreements, instruments or other documents; (iii) the validity, sufficiency or genuineness of documents (including the Agreement) other than the Letters of Credit, or of any endorsement(s) thereon, which appear on their face to be valid, sufficient or genuine, as the case may be, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged or any statement therein prove to be untrue or inaccurate in any respect whatsoever; (iv) payment by the LC Issuer against presentation of documents which do not strictly comply with the terms of the Letters of Credit, including failure of any documents to bear any reference or adequate reference to such Letters of Credit so long as such documents substantially comply with the terms of the Letter of Credit; (v) any amendment or waiver of or any consent to departure from all or any terms of any of the Loan Documents; (vi) the existence of any claim, setoff, defense or other right which the Borrower may have at any time against any beneficiary or transferee of any Letter of Credit (or any Persons for whom any such beneficiary or transferee may be acting), the Administrative Agent, the LC Issuer, any Lender or any other Person, whether in connection with the Agreement, the transactions contemplated herein or in the other Loan Documents, or in any unrelated transaction; (vii) any breach of contract or dispute among or between the Borrower, the Administrative Agent, the LC Issuer, any Lender, or any other Person; (viii) any demand, statement, certificate, draft or other document presented under the Letters of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (ix) any extension of time for or delay, renewal or compromise of or other indulgence or modification to a Drawing Payment or a Loan granted or agreed to by the Administrative Agent, the LC Issuer, or any applicable Lender in accordance with the terms of the Agreement; (x) any failure to preserve or protect any Collateral, any failure to perfect or preserve the perfection of any Lien thereon, or the release of any of the Collateral securing the performance or observance of the terms of this the Agreement or any of the other Loan Documents; or (xi) any other circumstances whatsoever in making or failing to make payment under the Letters of Credit, except that, in each case, payment by the LC Issuer under the applicable Letter of Credit shall not have constituted gross negligence or willful misconduct of the LC Issuer under the circumstances in question as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(f) Indemnification. Without duplication of any obligation of the Borrower under Section 4.06, in addition to amounts payable as provided herein, the Borrower hereby agrees to protect, indemnify, pay and save harmless the LC Issuer from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel) which the LC Issuer may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit by the LC Issuer, other than as a result of (1) the gross negligence or willful misconduct of the LC Issuer as determined by a final, non-appealable judgment of a court of competent jurisdiction or (2) the wrongful dishonor

by the LC Issuer of a proper demand for payment made under any Letter of Credit issued by it, or (ii) the failure of the LC Issuer to honor a drawing under any such Letter of Credit as a result of any act or omission by any Governmental Authority.

(g) Interim Interest. If the LC Issuer shall make any Drawing Payment, then, unless the Borrower shall reimburse such Drawing Payment in full on the date such Drawing Payment is made, the unpaid amount thereof shall bear interest, for each day from and including the date such Drawing Payment is made to but excluding the date that the Borrower reimburses such Drawing Payment in full, at a rate equal to LIBOR, in effect from time to time, *plus* the Applicable Margin. Interest accrued pursuant to this paragraph shall be for the account of the LC Issuer.

Section 2.03 Computation of Interest and Fees.

(a) Interest Rate. Subject to Section 4.05(b), interest shall accrue on each Loan (including interest accruing after the commencement of an insolvency proceeding under applicable Bankruptcy Law) from the day on which the Loan is made until, but not including the day on which the Loan is paid at the Applicable Interest Rate; provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 4.01(b), bear interest for one day.

(b) Interest Computations. All computations of interest on any LIBO Loan hereunder shall include the first day but exclude the last day of the Interest Period in effect for such Borrowing and shall be based upon a year of 360 days. All computations of interest on any Base Rate Loan hereunder shall be based upon a year of 365/366 days. The Applicable Interest Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Interest Account and Interest Computations. The Administrative Agent shall record in an account or accounts maintained by the Administrative Agent on its books (i) the Applicable Interest Rates for the Loans; (ii) the date and amount of each principal and interest payment on each Loan; and (iii) such other information as the Administrative Agent may determine is necessary for the computation of interest payable by the Borrower hereunder consistent with the basis hereof. The Borrower agrees that all computations by the Administrative Agent of interest shall be deemed *prima facie* to be correct in the absence of manifest error.

(d) After giving effect to the Loans, all conversions of the Loans from one Type to the other, and all continuations of the Loans of the same Type, there shall not be more than five (5) Interest Periods in effect at any one time with respect to the Loans.

(e) Interest Period Elections. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(f) Notice of Elections. Except as otherwise expressly provided herein, (i) Delayed Draw Loans initially shall be of the Type specified in the applicable Borrowing Notice and (ii) LC Loans initially shall be Base Rate Loans. Thereafter, the Borrower may elect to convert such Borrowing to a Borrowing of a different Type or to continue such Borrowing as a Borrowing of the same Type, in each case in accordance with this Section 2.03(f). To make an election pursuant to this Section 2.03(f), the Borrower shall notify the Administrative Agent of such election by electronic communication no later than 10:00 a.m. (Cleveland, Ohio time) at least five (5) Business Days in advance of the proposed election date (or such shorter timeframe as may be agreed to by the Administrative Agent in its sole discretion). Each such electronic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or electronic communication to the Administrative Agent of a written Interest Election Request in the form of Exhibit A-3 (to the extent such election was not originally in the Borrowing Notice).

(g) Content of Interest Election Requests. Each electronically communicated Interest Election Request shall specify the following information:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified in clause (iii) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
and

(iii) whether the resulting Borrowing is to be a Borrowing of Base Rate Loans or a Borrowing of LIBO Loans.

(h) Notice by the Administrative Agent to the Lenders. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each applicable Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(i) Failure to Elect; Events of Default. If the Borrower fails to deliver a timely and complete Interest Election Request with respect to a Borrowing of LIBO Loans prior to the end of the Interest Period therefor, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period, such Borrowing shall be continued as a Borrowing of LIBO Loans. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing, (A) no outstanding Borrowing may be converted to or continued as a Borrowing of LIBO Loans and (B) unless repaid, each Borrowing of LIBO Loans shall be converted to a Borrowing of Base Rate Loans at the end of the Interest Period therefor.

Section 2.04 Evidence of Debt. The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any

error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note substantially in the form of Exhibit H-1 (in the case of a Delayed Draw Loan) and Exhibit H-2 (in the case of a LC Loan), (each, a "Note"), which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

ARTICLE III ACCOUNTS AND RESERVES

Section 3.01 Deposits to Collections Account.

(a) The Borrower shall cause the Manager to deposit all Collections with respect to the Wholly Owned Opcos into a Wholly Owned Opco Deposit Account.

(b) The Borrower shall cause the Manager to transfer any amounts deposited into a Wholly Owned Opco Deposit Account on a daily basis into the Collections Account, subject to a maximum retention amount for each such Wholly Owned Opco Deposit Account equal to \$50,000.

(c) The Borrower shall, and shall cause the Tax Equity Holdcos and Wholly Owned Holdcos, to deposit all Collections received by it directly into the Revenue Account (other than any distributions received in respect of the proceeds of Excluded Property, as evidenced by documentation reasonably acceptable to the Administrative Agent).

(d) The Borrower shall cause all amounts in the Collection Account on each Calculation Date to be swept into the Revenue Account on the third Business Day after such Calculation Date (or if such Calculation Date is not a Business Day, on the third Business Day after the Business Day next succeeding such Calculation Date).

(e) The Borrower shall cause each Operator to maintain any General Account with an Acceptable Bank.

ARTICLE IV ALLOCATION OF COLLECTIONS; PAYMENTS TO LENDERS

Section 4.01 Payments.

(a) At least (i) from the Closing Date through December 31, 2018, five (5) Business Days prior to each Payment Date and (ii) thereafter, three (3) Business Days prior to each Payment Date, the Borrower shall deliver, or cause Manager to deliver, to the Administrative Agent, Collateral Agent and Depository Bank, a Transfer Date Certificate in the form attached as

Exhibit A to the Depository Agreement. All withdrawals and transfers will be made based upon the information provided in the Transfer Date Certificate.

(b) Payments Generally. All payments to be made by the Borrower shall be made free and clear of any Liens and without restriction, condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise provided below, all payments made with respect to the Loans on each Payment Date shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 12:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its pro rata share of the principal amount paid according to the outstanding principal amounts of the Delayed Draw Loans held by the Lenders (or other applicable share of such payment as expressly provided herein) in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

Section 4.02 Optional Prepayments. The Borrower (or the Sponsor or Pledgor on Borrower's behalf) may, upon irrevocable written notice to the Administrative Agent at any time or from time to time, voluntarily prepay Loans in whole or in part in minimum amounts of not less than \$1,000,000 (or, in the case of the Delayed Draw Loans, such lesser amount as may be outstanding) without premium or penalty; provided that such notice must be received by the Administrative Agent not later than 11:00 a.m. three (3) Business Days (or such shorter period as is acceptable to the Administrative Agent) prior to any date of prepayment. Each such notice shall specify the date and amount of such prepayment. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's pro rata share of such prepayment. Upon giving of the notice, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by all accrued but unpaid interest on the principal amount prepaid. Each prepayment shall be paid to the Lenders in accordance with their respective pro rata share of the outstanding principal amount of such Loan. Delayed Draw Loans prepaid pursuant to this Section 4.02 may not be re-borrowed.

Section 4.03 Mandatory Principal Payments. The Borrower shall make the following mandatory prepayments on the Loans:

(a) On (x) in the case of clause (i), on the date of receipt thereof and (y) in the case of clause (ii), on the Payment Date following the date of receipt thereof, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 4.04, 100% of the Net Available Amount of all proceeds in cash and cash equivalents (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) to the Borrower or any other Loan Party from:

(i) without limitation to Article X, the issuance or incurrence of any Indebtedness by any Relevant Party (other than as permitted to be incurred pursuant to Section 7.01 of this Agreement); and

(ii) the sale, assignment or other disposition of any Asset of a Relevant Party (other than (A) ordinary course sales of power or the leasing of photovoltaic systems pursuant to the Customer Agreements, (B) PBI Payments, (C) the sale or proceeds of Excluded Property, (D) a sale or assignment of an Asset that is a Customer Prepayment Event or (E) a sale or assignment that is a Permitted Fund Disposition).

(b) On each Payment Date during the Availability Period, the Borrower shall, to the extent of amounts available pursuant to Section 4.02(b)(iv)(A) of the Depository Agreement, prepay the Delayed Draw Loans in an amount that, when applied in accordance with Section 4.04, causes the aggregate principal amount of the Delayed Draw Loans outstanding on such Payment Date to be not greater than the Available Borrowing Base calculated as of the Calculation Date immediately preceding such Payment Date. If the aggregate principal amount of the Delayed Draw Loans outstanding on the last day of the Availability Period exceeds the Available Borrowing Base calculated as of such last day (such excess, the "Excess Amount"), the Borrower shall on each Payment Date after the Availability Period, to the extent of amounts available pursuant to Section 4.02(b)(iv)(A) of the Depository Agreement, prepay the Delayed Draw Loans in an amount that, when applied in accordance with Section 4.04, causes such excess to be paid.

(c) If the aggregate principal amount of the Delayed Draw Loans as of three consecutive Calculation Dates during the Availability Period has exceeded the Available Borrowing Base for each such Calculation Date, on the Payment Date occurring after the third such Calculation Date, the Borrower shall prepay the Delayed Draw Loans in an amount that, when applied in accordance with Section 4.04, causes the aggregate principal amount of the Delayed Draw Loans outstanding on such date to be not greater than the Available Borrowing Base calculated as of the Calculation Date immediately preceding such Payment Date. If the Borrower has not repaid the Delayed Draw Loans in an amount equal to the Excess Amount in accordance with Section 4.02(b)(iv)(A) of the Depository Agreement as of the third Payment Date following the last day of the Availability Period, the Borrower shall prepay, on such third Payment Date, the Delayed Draw Loans in an amount equal to any portion of the Excess Amount not theretofore paid pursuant to Section 4.02(b)(iv)(A) of the Depository Agreement.

(d) On the date of each Permitted Fund Disposition, the Borrower shall, as a condition to such Permitted Fund Disposition, (1) prepay (i) the Delayed Draw Loans in accordance with Section 4.04 in an amount equal to the excess (if positive) of (x) the aggregate principal amount of the Delayed Draw Loans outstanding as of such date over (y) the Available Borrowing Base calculated after giving effect to such Permitted Fund Disposition and (ii) the LC Loans in full and (2) pay any Swap Termination Payments due in connection with the repayment of Delayed Draw Loans in connection with such Permitted Fund Disposition.

(e) On each Payment Date during an Early Amortization Period, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 4.04, 100% of the amounts available therefor in the Revenue Account and the Distribution Trap Account after

giving effect to all prior withdrawals and transfers pursuant to Sections 4.02(b) and 4.02(e) of the Depository Agreement.

(f) On each Payment Date occurring after the end of the Availability Period, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 4.04 an amount determined by multiplying 0.68 by the present value of the reduction of future Collections resulting from or attributable to each Customer Prepayment Event occurring during the calendar quarter ending on the immediately prior Calculation Date (disregarding any proceeds received in respect of such Customer Prepayment Event and assuming that no future Collections will be received in respect of any Event of Loss Project, Defaulted Project or a Project in respect of which an Ineligible Customer Reassignment has occurred) discounted at a rate of six percent (6%) per annum; provided that, notwithstanding anything to the contrary herein, the Sponsor or Pledgor may, but shall not be required to, contribute capital to the Borrower to satisfy its prepayment obligations under this Section 4.03(f).

(g) Concurrently with any prepayment of the Loans pursuant to Section 4.03(a), the Borrower shall deliver to Administrative Agent a certificate of an Authorized Officer demonstrating the calculation of the amount of the applicable net cash proceeds or other amounts to be prepaid, as the case may be. In the event that the Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans in an amount equal to such excess, and the Borrower shall concurrently therewith deliver to Administrative Agent a certificate of an Authorized Officer demonstrating the derivation of such excess.

(h) On each Payment Date after the end of the Availability Period, at the same time as a Transfer Date Certificate is provided prior to such Payment Date, the Borrower shall provide to the Administrative Agent a Prepayment Event Certificate. The Administrative Agent may notify the Borrower in writing of any suggested corrections, changes or adjustments to a Transfer Date Certificate that are not inconsistent with the terms of this Agreement.

Section 4.04 Application of Prepayments. Amounts prepaid pursuant to Section 4.02 or Section 4.03 (other than payments in respect of the Excess Amount in accordance with Section 4.03(b) or Section 4.03(c) which are applied directly to such Excess Amount) shall be applied (1) first, on a pro rata basis to (A) the outstanding Delayed Draw Loans and, if the Availability Period has expired, to be applied pro rata to remaining scheduled installments thereof pursuant to the most recent Amortization Schedule and (B) all early termination payments due and payable to the Secured Hedge Providers on any partial early termination of a Secured Interest Rate Hedging Agreement required to be made in connection with such prepayment and (2) second, on a pro rata basis, to prepay any outstanding LC Loans. Any Letter of Credit outstanding after payment of the Loans in full and cancellation of the Commitments shall be cancelled.

Section 4.05 Payments of Interest and Principal.

(a) Subject to the provisions of Section 4.05(b) below, each Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Applicable Interest Rate.

(b) If (i) any amount payable by the Borrower under any Loan Document is not paid when due, whether at stated maturity, by acceleration or otherwise or (ii) an Event of Default occurs pursuant to Section 10.01(e) or Section 10.01(f), all outstanding Obligations shall thereafter bear interest (including post-petition interest in any proceeding under any Debtor Relief Law), payable on demand, at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws until such defaulted amount shall have been paid in full or shall have been waived (as applicable). Payment or acceptance of the increased rates of interest provided for in this Section 4.05(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of any Secured Party.

(c) Interest on each Loan shall be due and payable in arrears (i) on each Payment Date, (ii) on the Maturity Date, (iii) upon prepayment of any Loans in accordance with Section 4.03 and (iv) at maturity (whether by acceleration or otherwise), provided, that interest payable pursuant to Section 4.05(b) shall be payable on demand. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) On each Payment Date following the expiration of the Availability Period, the Borrower shall pay principal then due on the Loans in accordance with the most recent Amortization Schedule.

(e) To the extent not previously paid, the Borrower shall repay to the Administrative Agent, for the account of the Delayed Draw Lenders, each Delayed Draw Loan in full, together with all accrued and unpaid interest thereon and fees and costs and other amounts due and payable under the Loan Documents with respect to such Delayed Draw Loans, on the Maturity Date.

(f) To the extent not previously paid from cash applied on a Payment Date pursuant to the Depository Agreement, the Borrower shall repay to the Administrative Agent, for the account of the LC Lenders, each LC Loan in full, together with all accrued and unpaid interest thereon and fees and costs and other amounts due and payable under the Loan Documents with respect to such LC Loans, on the Maturity Date.

Section 4.06 Fees.

(a) The Borrower agrees to pay to the Administrative Agent, for the account of each Delayed Draw Lender pro rata to their Delayed Draw Loan Commitments, the Delayed Draw Loan Commitment Fee, payable quarterly in arrears on (i) each Payment Date and (ii) the final day of the Availability Period; provided, that if the final day of the Availability Period is not a Payment Date, then the Delayed Draw Loan Commitment Fee for the period ending on such final day of the Availability Period shall be paid on the immediately succeeding Payment Date following the end of the Availability Period.

(b) The Borrower agrees to pay to the Administrative Agent, for the account of each LC Lender pro rata to their LC Commitments, the LC Commitment Fee, payable quarterly in arrears on (i) each Payment Date and (ii) the final day of the LC Availability Period.

(c) The Borrower agrees to pay to the Administrative Agent, for the account of each LC Lender pro rata to their participation in any Letter of Credit, letter of credit fees equal to (1) the Applicable Margin *times* (2) the average aggregate daily maximum amount available to be drawn under all such Letters of Credit (regardless of whether any conditions for drawing could then be met and determined as of the close of business on any date of determination), payable quarterly in arrears on (i) each Payment Date and (ii) the Maturity Date.

(d) The Borrower agrees to pay directly to the LC Issuer, for its own account, such documentary and processing charges for any issuance, amendment, transfer or payment of a Letter of Credit as are in accordance with the LC Issuer's standard schedule for such charges and as in effect at the time of such issuance, amendment, transfer or payment, as the case may be.

(e) The Borrower agrees to pay the Lenders the fees in accordance with the applicable Fee Letters.

(f) In addition to any of the foregoing fees, the Borrower agrees to pay to the Agents such other fees in the amounts and at the times separately agreed upon between the Borrower and the applicable Agent.

Section 4.07 Expenses, etc.

(a) The Borrower agrees to pay to the Secured Parties (i) all reasonable and documented out-of-pocket costs and expenses in connection with the preparation, execution, and delivery of this Agreement and the other documents to be delivered hereunder or in connection herewith, including the reasonable and documented third-party fees and out-of-pocket expenses of their counsel, their insurance consultant, any independent engineers and other advisors or consultants retained by them, (ii) all reasonable and documented costs and expenses in connection with any actual or proposed amendments of or modifications of or waivers or consents under this Agreement or the other Loan Documents, including in each case the reasonable and documented fees and out-of-pocket expenses of counsel with respect thereto; provided, that, at the request of the Borrower, the Administrative Agent shall consult with the Borrower at its request regarding the estimated amount of expenses that would be incurred, (iii) all Additional Expenses and (iv) all costs and expenses (including fees and expenses of counsel) incurred by any Secured Party (for the account of such Secured Party), if any, in connection with any restructuring or workout proceedings (whether or not consummated) and the other documents delivered thereunder or in connection therewith.

(b) The Borrower agrees to timely pay in accordance with applicable Law any and all present or future stamp, transfer, recording, filing, court, documentary and other similar Taxes payable in connection with the execution, delivery, filing, recording of, from the receipt or perfection of a security interest under, or otherwise with respect to, any of the Loan Documents, and agrees to save the Lenders and the Agents harmless from and against any liabilities with respect

to or resulting from any delay in paying or any omission to pay such Taxes, in each case, as the same are incurred.

(c) Once paid, all fees or other amounts or any part thereof payable under this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby shall not be refundable under any circumstances, regardless of whether any such transactions are consummated. All fees and other amounts payable hereunder shall be paid in Dollars and in immediately available funds.

(d) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 4.07(a) or Section 4.08 to be paid by it to the Agents (or any sub-Agent thereof) or any Related Party, and without limitation of the obligations of the Borrower and such Related Parties to pay such amounts, each Lender severally agrees to pay to each Agent (or any such sub-Agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on such Lender's percentage of the Commitments, Loans and LC Exposure outstanding) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), provided, further, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent (or any such sub-Agent) in its capacity as such, or against any Related Party, acting for such Agent (or any such sub-Agent) in connection with such capacity. The obligations of the Lenders hereunder to make payments pursuant to this Section 4.07(d) are several and not joint. The failure of any Lender to make any payment under this Section 4.07(d) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its payment under this Section 4.07(d). Each Lender's obligation under this Section 4.07(d) shall survive the resignation or replacement or removal of any Agent or any assignment of rights by or replacement of a Lender, the termination of the Commitments and the satisfaction or discharge of all other Obligations.

(e) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, neither the Borrower, any Secured Party nor any of their respective Affiliates shall assert, and each of them hereby waives and acknowledges, that no other Person shall have any claim against any Indemnitee, the Borrower or any of the Borrower's Affiliates on any theory of liability, for (i) any special, indirect, consequential or punitive losses or damages (as opposed to direct or actual losses or damages) or (ii) any loss of profit, business, or anticipated savings (such losses and damages set out in the foregoing clauses (i) and (ii), collectively, the "Consequential Losses"), in each case arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof; provided that nothing contained in this Section 4.07(e) shall limit the Borrower's indemnity and reimbursement obligations under Section 4.08 or the obligations of each Lender under Section 4.07(d) in respect of any third party claims made against any Indemnitee with respect to Consequential Losses of such third party, Section 4.09 and Section 4.11. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through internet, telecommunications, electronic or other information

transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for any such damages resulting from any material breach by such Indemnitee of this Agreement or the other Loan Documents or that otherwise results from the gross negligence or willful misconduct of such Indemnitee as determined by a final judgment of a court of competent jurisdiction which has become non-appealable.

(f) Payments. All amounts due under this Section 4.07 or Section 4.08 shall be payable on the immediately succeeding Payment Date after demand therefor.

Section 4.08 Indemnification.

(a) Without limiting any other rights which any such Person may have hereunder or under applicable Law, the Borrower hereby agrees to indemnify the Agents, the Lenders, each other Secured Party and each Related Party of any of the foregoing Persons (each of the foregoing Persons being individually called an "Indemnitee"), from and against any and all damages, losses, claims, liabilities and related costs and expenses (other than any Taxes expressly addressed elsewhere in this Agreement), including, but not limited to, reasonable and documented attorneys' fees and disbursements (all of the foregoing being collectively called "Indemnified Amounts") arising out of or relating to:

(i) any transaction financed or to be financed in whole or in part, directly or indirectly with the proceeds of the Loans;

(ii) the execution or delivery of this Agreement, any other Loan Document or any Transaction Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby;

(iii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the LC Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit);

(iv) the grant to the Administrative Agent or the Collateral Agent for the benefit of, or to any of, the Secured Parties of any Lien on the Collateral or in any other Property of the Borrower or any other Person or any membership, partnership or equity interest in the Borrower or any other Person and the exercise by the Agents (or the other Secured Parties) of their rights and remedies (including foreclosure) under any Collateral Document;

(v) the breach of any representation or warranty made by or on behalf of any Relevant Party or the Manager (to the extent that the Manager is an Affiliate of the Borrower) set forth in this Agreement or the other Loan Documents, or in any other report or certificate delivered by any Relevant Party or the Manager or any of their Affiliates

pursuant hereto or thereto, which shall have been false or incorrect in any material respect when made or deemed made;

(vi) the failure by any Relevant Party or the Manager (to the extent that the Manager is an Affiliate of the Borrower) to comply in any material manner with any of the Loan Documents or any applicable Law, or the non-conformity of any Project with any such applicable Law;

(vii) the failure of the Operator and the Manager (to the extent that the Operator or Manager, as applicable, is an Affiliate of the Borrower), as applicable, to operate the Projects in accordance with the applicable standard set forth in each O&M Agreement or the Management Agreement, as applicable, or to perform its duties in a good and workmanlike manner consistent with Prudent Industry Practice;

(viii) any dispute, claim, offset or defense (other than discharge in bankruptcy) of a Relevant Party or a counterparty to a Portfolio Document to any payment under any Portfolio Document based on such Portfolio Document not being a legal, valid and binding obligation of such Relevant Party or counterparty, as applicable, enforceable against it in accordance with its terms;

(ix) any investigation, proceeding, claim or action commenced or brought by or before any Governmental Authority or related to any Transaction Document;

(x) the failure of any Relevant Party or any of their Affiliates to comply with all consumer leasing and protection Laws applicable to any of the Projects or Portfolio Documents;

(xi) any and all broker's or finder's fees claimed to be due in connection with the issuance of the Loans;

(xii) any recapture of a Grant or ITC, inclusive of any penalties, interest or other premiums due in respect thereof;

(xiii) any amounts required to be repaid or returned by a Relevant Party in respect of any Excluded Property, inclusive of any penalties, interest or other premiums due in respect thereof;

(xiv) any of the items listed in Schedule 5.10 or Schedule 5.11;

(xv) any actual or alleged presence or release of Hazardous Materials by a Loan Party or with respect to a Project or any of the Borrower's properties; or

(xvi) any claims by a Tax Equity Class A Member against the applicable Tax Equity Holdco, Tax Equity Opco or any other Person (including under an indemnity);

but excluding Indemnified Amounts to the extent finally determined by a judgment of a court of competent jurisdiction that has become non-appealable to have resulted from gross negligence or willful misconduct on the part of such Indemnitee; provided, that notwithstanding the foregoing, the Borrower shall not be required to indemnify any Indemnitee for legal fees or expenses of more than one counsel, plus any additional local counsel that may be required or any other additional counsel that may be required due to an actual or potential conflict of interest, the availability of other defenses or the risk of criminal liability (including criminal fines or penalties) being incurred, to such Indemnitee. The Borrower's obligations under this Section 4.08 shall survive the resignation or replacement or removal of any Agent or any assignment of rights by or replacement of a Lender, the termination of the Commitments and the satisfaction or discharge of all other Obligations.

(b) The Borrower shall not, without the prior written consent of any Indemnitee, effect any settlement of any pending or threatened proceeding in respect of which such Indemnitee is or could have been a party and indemnity could have been sought hereunder by such Indemnitee, unless such settlement (i) seeks only monetary damages and does not seek any injunctive or other relief against an Indemnitee, (ii) includes an unconditional release of such Indemnitee from all liability or claims that are the subject matter of such proceeding and (iii) does not include a statement as to or an admission of fault, culpability, or a failure to act by or on behalf of such Indemnitee.

Section 4.09 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes

(i) Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law (which, for purposes of this Section 4.09, shall include FATCA). If any applicable Law (as determined in the good faith discretion of the Administrative Agent or the Borrower, as applicable, taking into account the information and documentation delivered pursuant to Section 4.09(e) below) requires the deduction or withholding of any Tax from any such payment by the Administrative Agent or the Borrower, then the Administrative Agent or the Borrower shall be entitled to make such deduction or withholding.

(ii) If the Administrative Agent or the Borrower are required to deduct or withhold any Tax described in Section 4.09(a)(i) and must timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the applicable Law, and if the Tax is an Indemnified Tax, then, the sum payable by the Borrower shall be increased as necessary so that after the deduction or withholding (including deductions or withholdings applicable to additional sums payable under this Section 4.09) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay to the relevant Governmental Authority in

accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications. %3. The Borrower shall and does hereby indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 4.09(c)) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (which, for the purposes of this Section 4.09, shall include the LC Issuer) (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. The Borrower shall and does hereby indemnify the Administrative Agent, and shall make payment in respect thereof within ten (10) days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 4.09(c)(ii) below.

(i) Each Lender shall and does hereby severally indemnify, and shall make payment in respect thereof within ten (10) days after demand therefor, (x) each Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified such Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (y) each Agent and the Borrower, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.05(d) relating to the maintenance of a Participant Register and (z) each Agent and the Borrower, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by such Agent or the Borrower in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by such Agent shall be conclusive absent manifest error. Each Lender hereby authorizes such Agent to set off and apply any and all amounts at any time owing to such Lender, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by the Borrower or any Agent, as the case may be, after any payment of Taxes by the Borrower or by such Agent to a Governmental Authority as provided in this Section 4.09, the Borrower shall deliver to the Agent or the Agent shall deliver to the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 4.09(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, each Lender agrees that on the Closing Date or any other date after the Closing Date such Lender becomes a party to this Agreement, and from time to time thereafter upon reasonable request, it will deliver to each of the Borrower and the Administrative Agent either:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to (a) the Closing Date or (b) such other date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), in the case of clause (b) to the extent it is legally entitled to do so, whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, an executed original of IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty, and/or (y) with respect to any other applicable payments under any Loan Document, an executed

original of IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(II) an executed original of IRS Form W-8ECI;

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) an executed certificate substantially in the form of Exhibit D-1 to the effect that such Foreign Lender is not a “bank” within the meaning of section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) an executed original of IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable); or

(IV) to the extent a Foreign Lender is not the beneficial owner, (x) an executed original of IRS Form W-8IMY, accompanied by one or more of the following executed forms from each of the Foreign Lender's direct or indirect partners/members, or Participants, or any Participant's direct or indirect partners/ members, as appropriate: IRS Form W-8ECI, IRS Form W-8BEN, or IRS Form W-8BEN-E (whichever is applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-2 or Exhibit D-3, IRS Form W-8IMY, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable, and (y) a withholding statement to the extent one is required by the Code; provided that if the Foreign Lender is a partnership for U.S. federal income tax purposes and one or more direct or indirect partners/members of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender shall provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-4;

(C) any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to (a) the Closing Date or (b) such other date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), in the case of clause (b) to the extent it is legally entitled to do so, executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender

were to fail to comply with the applicable reporting requirements of FATCA (including those contained in section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 4.09 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Law, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 4.09, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 4.09 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Recipient, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 4.09(f), in no event will the applicable Recipient be required to pay any amount to the Borrower pursuant to this Section 4.09(f) the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 4.09(f) shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(g) OID. The Borrower and the Lenders agree (i) that the Loans are to be treated as indebtedness of the Borrower for U.S. federal income tax purposes, (ii) to the extent that the Borrower or a Governmental Authority determines that the Loans were made with original issue

discount (“OID”) for U.S. federal income tax purposes, to report such OID as interest expense and interest income, respectively, in accordance with sections 163(e)(1) and 1272(a)(1) of the Code, (iii) not to file any tax return, report or declaration inconsistent with the foregoing, and (iv) any OID shall constitute principal for all purposes under this Agreement. The inclusion of this Section 4.09(g) is not an admission by any Lender that it is subject to United States taxation.

(h) Survival. Each party’s obligations under this Section 4.09 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

Section 4.10 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 4.11(d), or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender, or any Governmental Authority for the account of any Lender, pursuant to Section 4.09, then at the request of the Borrower such Lender shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 4.09 or Section 4.11(d) (as the case may be), in the future, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 4.11(d), or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender, or any Governmental Authority for the account of any Lender, pursuant to Section 4.09 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 4.10(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.05), all of its interests, rights (other than its existing rights to payments pursuant to Section 4.11 or Section 4.09) and obligations under this Agreement and the related Loan Documents (other than any Secured Interest Rate Hedging Agreement) to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 12.05;

(ii) such Lender shall have received payment of an amount equal to the outstanding Obligations owed (including all principal of its Loans, accrued interest thereon, accrued fees and all other amounts) to it hereunder and under the other Loan

Documents (including any amounts under Section 4.11(f)) from the assignee (to the extent of such Obligations) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 4.11(d) or payments required to be made pursuant to Section 4.09, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

In the event the replaced Lender (or an Affiliate of such Lender) is party to any Secured Interest Rate Hedging Agreement, then the replaced Lender (or Affiliate of such Lender) (the “Replaced Hedge Provider”) under such Secured Interest Rate Hedging Agreement may elect to (A) terminate such Secured Interest Rate Hedge Agreement in accordance with its terms or (B) require the Borrower to cause the novation of such Secured Interest Rate Hedging Agreement so that the entire notional amount set forth in the original Secured Interest Rate Hedging Agreement is subject to the novated Secured Interest Rate Hedging Agreements with the Eligible Assignee referred to above (or an Affiliate of such Eligible Assignee) (the “Replacement Hedge Provider”); provided, however, that in the event of any novation the Replacement Hedge Provider and transaction documentation must be acceptable to the Replaced Hedge Provider in its sole discretion and the Borrower shall be responsible for all additional costs resulting from any assignment or novation of any Secured Interest Rate Hedging Agreement under this clause (b), including any fees or additional credit or other margins (such costs, fees and margins to be reasonably acceptable to the Administrative Agent) and, to the extent of any mark-to-market payment, the Replaced Hedge Provider shall determine any amounts payable to or by it in respect of the assignment as if an “Additional Termination Event” occurred under the Secured Interest Rate Hedging Agreement with the Borrower as the sole Affected Party (as defined therein).

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 4.11 Change of Circumstances.

(a) Market Disruption.

(i) If a Market Disruption Event occurs in relation to a LIBO Loan for any Interest Period, then the rate of interest on each Lender's participation in that Loan for that Interest Period shall be the percentage rate per annum which is the sum of:

(A) the Applicable Margin; and

(B) the percentage rate per annum notified to the Administrative Agent by that Lender, as soon as practicable and in any event not later than five (5) Business Days before interest is due to be paid in respect of that Interest Period (or such later date as may be reasonably acceptable to the Administrative Agent), as the cost to that Lender of funding its participation in that Loan from whatever source(s) it may reasonably select.

(ii) In relation to a Market Disruption Event under paragraph (iii)(B) below, if the percentage rate per annum notified by a Lender pursuant to paragraph (i)(B) above shall be less than LIBOR or if a Lender shall fail to notify the Administrative Agent of any such percentage rate per annum, the cost to that Lender of funding its participation in the relevant Loan for the relevant Interest Period shall be deemed, for the purposes of paragraph (i) above, to be LIBOR.

(iii) In this Agreement “Market Disruption Event” means (A) at or about noon (London time) on the Quotation Day for the relevant Interest Period, LIBOR is to be determined by reference to the Reference Banks and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for dollars for the relevant Interest Period, or (B) at 5 p.m. on the Business Day immediately following the Quotation Day for the relevant Interest Period, the Administrative Agent receives notifications from a Lender or Lenders (whose participations in the relevant Loan exceed thirty-five percent (35%) of that Loan) that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR.

(iv) If a Market Disruption Event shall occur, the Administrative Agent shall promptly notify the Lenders and the Borrower thereof.

(b) Alternative basis of interest or funding. If a Market Disruption Event occurs and the Administrative Agent or the Borrower so requires, the Administrative Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing on a substitute basis for determining the rate of interest. Any alternative basis agreed pursuant to the immediately preceding sentence shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties. In the event that no substitute basis is agreed at the end of the thirty day period, the rate of interest shall continue to be determined in accordance with the terms of this Agreement (including Section 4.11(a)).

(c) Illegality.

(i) Subject to Section 4.11(c)(ii), if, at any time, any Lender shall have determined (which determination shall be final and conclusive and binding upon all parties hereto) that the making, maintaining or continuation of any or all of its Loans has become unlawful as a result of compliance by such Lender in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), (A) that Lender shall promptly notify the Administrative Agent upon becoming aware of that event, (B) upon

the Administrative Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled, and (C) the Borrower shall repay that Lender's participation in the affected Loan(s) on the last day of the Interest Period occurring after the Administrative Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by law).

(ii) Notwithstanding any other provision of this Agreement, if any Change of Law shall make it unlawful for any Lender to make or maintain a LIBO Loan or to give effect to its obligations as contemplated hereby with respect to any LIBO Loan, then, by written notice to the Borrower and to the Administrative Agent:

(A) such Lender may declare that LIBO Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued), whereupon any request for a Borrowing (or any continuation of a Borrowing for an additional Interest Period) shall, as to such Lender only, be deemed a request for a Base Rate Loan (or a continuation of a LIBO Loan as a Base Rate Loan), unless such declaration shall be subsequently withdrawn; and

(B) such Lender may require that all outstanding LIBO Loans made by it be converted to Base Rate Loans, in which event all such LIBO Loans shall be automatically converted to Base Rate Loans as of the effective date of such notice as provided below.

(iii) In the event any Lender shall exercise its rights under clauses (A) or (B) above, all payments and prepayments of principal that would otherwise have been applied to repay the LIBO Loans that would have been made by such Lender or the converted LIBO Loans of such Lender shall instead be applied to repay the Base Rate Loans made by such Lender in lieu of, or resulting from the conversion of, such LIBO Loans. For purposes of this clause (iii), a notice to the Borrower by any Lender shall be effective as to each LIBO Loan made by such Lender, if lawful, on the last day of the Interest Period then applicable to such LIBO Loan (which shall be a Payment Date); in all other cases such notice shall be effective on the date of receipt by the Borrower.

(d) Increased Costs. If any Change of Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement (except any reserve requirement reflected in the LIBO Rate) against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender or the LC Issuer;

(ii) subject any Recipient to any Taxes (other than Indemnified Taxes and Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the LC Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, the LC Issuer or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, LC Issuer or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, LC Issuer or other Recipient, the Borrower will pay to such Lender, LC Issuer or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, LC Issuer or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(e) Capital Requirements. If any Lender or the LC Issuer determines that any Change of Law affecting such Lender or the LC Issuer or any lending office of such Lender or such Lender's or the LC Issuer's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or the LC Issuer's capital or on the capital of such Lender's or the LC Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the LC Issuer, to a level below that which such Lender or the LC Issuer or such Lender's or the LC Issuer's holding company could have achieved but for such Change of Law (taking into consideration such Lender's or the LC Issuer's policies and the policies of such Lender's or the LC Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the LC Issuer or such Lender's or the LC Issuer's holding company for any such reduction suffered.

(f) Compensation for Breakage or Non-Commencement of Interest Periods. The Borrower shall compensate each Lender, upon written request by such Lender (which request shall set forth the basis for requesting such amounts), for all losses, expenses and liabilities (including any interest paid or payable by such Lender to lenders of funds borrowed by it to make or carry its Loans and any loss, expense or liability sustained by such Lender in connection with the liquidation or re-employment of such funds but excluding loss of anticipated profits) which such Lender may sustain: (i) if for any reason (whether as a result of the failure to satisfy any applicable conditions or otherwise other than a default by such Lender) a borrowing of any Loan (other than a Base Rate Loan) does not occur on a date specified therefor in a Borrowing Notice; (ii) if any prepayment or other principal payment of any of its Loans (other than a Base Rate Loan) occurs on a date prior to the last day of an Interest Period applicable to that Loan; or (iii) if any prepayment of any of its Loans (other than a Base Rate Loan) is not made on any date specified in a notice of prepayment given by Borrower.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to each Agent and each Lender Party that the statements set forth in this Article V are true, correct and complete in all respects as of (i) the Closing Date, (ii) the date of each borrowing of Delayed Draw Loans under Section 2.01 and (iii) the date of each issuance, extension or increase of the Stated Amount of the Letter of Credit during the Availability Period pursuant to Section 2.02.

Section 5.01 Organization, Powers, Capitalization, Good Standing, Business.

(a) Organization and Powers. Each Relevant Party is duly organized, validly existing and in good standing under the Laws of its state of formation. Each Relevant Party has all requisite power and authority to own and operate its properties, to carry on its businesses as now conducted and proposed to be conducted. Each Relevant Party has all requisite power and authority to enter into each Transaction Document to which it is a party and to perform the terms thereof.

(b) Qualification. Each Relevant Party is duly qualified and in good standing in each state or territory where necessary to carry on its present businesses and operations, except in jurisdictions in which the failure to be qualified and in good standing could not reasonably be expected to have a Material Adverse Effect.

Section 5.02 Authorization of Borrowing, etc.

(a) Authority. The Borrower has the power and authority to incur, and the Loan Parties have the power and authority to guarantee, the Indebtedness represented by the Loans, the Secured Hedging Obligations and the Loan Documents. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary limited liability company or other action, as the case may be, on behalf of such Loan Party.

(b) No Conflict. The execution, delivery and performance by each Relevant Party of the Transaction Documents to which it is a party and the consummation of the transactions contemplated thereby do not and will not: (1) conflict with or result in a violation or breach of the terms of (x) its certificate of formation, limited liability company agreement, operating agreement or other organizational documents, as the case may be, (y) any provision of material Law applicable to it or (z) any order, judgment or decree of any Governmental Authority binding on it or any of its material properties; (2) result in a material breach of or constitute (with due notice or lapse of time or both) a material default under the Transaction Documents or any other material contractual obligation binding upon a Relevant Party or its material properties; or (3) result in or require the creation or imposition of any Lien upon its assets (other than the Liens created under the Collateral Documents).

(c) Consents. The execution and delivery by each Relevant Party of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated thereby, do not and will not require any registration with, consent or approval of, or notice to, or

other action to, with or by, any Governmental Authority or any other Person (including any Tax Equity Class A Member) which has not been obtained or made, and each such consent or approval is in full force and effect, in each case, other than consents, approvals, registrations, notices or other action which, if not obtained or made, could not reasonably be expected to have a Material Adverse Effect.

(d) **Binding Obligations.** Each of the Transaction Documents to which a Relevant Party is a party has been duly executed and delivered by such Relevant Party thereto and is the legally valid and binding obligation of such Relevant Party, enforceable against it, in accordance with its respective terms, subject to bankruptcy, insolvency, moratorium, reorganization and other similar Laws affecting creditor's rights.

Section 5.03 Title to Membership Interests.

(a) The Borrower is the sole member of each of the Wholly Owned Holdcos and the Tax Equity Holdcos (or is the sole member of the Delaware limited liability company that owns certain Tax Equity Holdcos, as described on Schedule 5.03(e)) and shall have good and valid legal and beneficial title to all of the Membership Interests issued by such entities (directly or indirectly as described on Schedule 5.03(e)), free and clear of all Liens other than Permitted Liens. All of such issued and outstanding Membership Interests have been duly authorized and validly issued and are owned of record and beneficially by the Borrower and were not issued in violation of any preemptive right. There are no voting agreements or other similar agreements with respect to the Membership Interests.

(b) Each Tax Equity Holdco holding either (i) Tax Equity Class B Membership Interests or (ii) the Membership Interests in another Tax Equity Holdco (in each case as described on Schedule 5.03(e)) has good and valid legal and beneficial title to all such Tax Equity Class B Membership Interests or Membership Interests (as applicable), free and clear of all Liens other than Permitted Liens. Each Wholly Owned Holdco has good and valid legal and beneficial title to all of the Wholly Owned Opco Membership Interests in the applicable Wholly Owned Opco held by it, free and clear of all Liens other than Permitted Liens. All of the issued and outstanding Tax Equity Class B Membership Interests have been duly authorized and validly issued and are owned of record and beneficially by the applicable Tax Equity Holdco and were not issued in violation of any preemptive right. All of the issued and outstanding Wholly Owned Opco Membership Interests have been duly authorized and validly issued and are owned of record and beneficially by the applicable Wholly Owned Holdco and were not issued in violation of any preemptive right. There are no voting agreements or other similar agreements with respect to the Tax Equity Class B Membership Interests or the Wholly Owned Opco Membership Interests.

(c) The Pledgor is the sole member of the Borrower and has good and valid legal and beneficial title to all of the Borrower Membership Interests, free and clear of all Liens other than Permitted Liens. All of the issued and outstanding Borrower Membership Interests have been duly authorized and validly issued and, as of the Closing Date, are owned of record and beneficially by Pledgor and were not issued in violation of any preemptive right. There are no voting agreements or other similar agreements with respect to the Borrower Membership Interests.

(d) There are no outstanding options, warrants or rights for conversion into or acquisition, purchase or transfer of any of the Membership Interests. Except for the call rights of the Tax Equity Holdcos under the Tax Equity Documents, with respect to the membership interests of the Tax Equity Class A Members in the Tax Equity Opcos, there are no outstanding options, warrants or rights for conversion into or acquisition, purchase or transfer of any of the membership interests in a Tax Equity Opco. There are no agreements or arrangements for the issuance by any Relevant Party of additional equity interests.

(e) Schedule 5.03(e) accurately sets forth the ownership structure of the Relevant Parties. The Borrower has no subsidiaries other than as shown on Schedule 5.03(e), as such schedule shall be updated by an Authorized Officer of the Borrower in each Permitted Fund Disposition Certificate.

(f) Schedule 5.03(f) sets forth the name and jurisdiction of incorporation or formation of each Loan Party and the Tax Equity Opcos and the percentage of each class of Capital Stock owned by any Loan Party, as such schedule shall be updated by an Authorized Officer of the Borrower in each Permitted Fund Disposition Certificate.

Section 5.04 Governmental Authorization; Compliance with Laws.

(a) No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (i) the execution, delivery or performance by, or enforcement against, any Relevant Party of this Agreement or any other Transaction Document, (ii) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created under the Collateral Documents or (iv) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to this Agreement or the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on Schedule 5.04, all of which have been duly obtained, taken, given or made and are in full force and effect as of the Closing Date.

(b) Each of the Sponsor and the Relevant Parties is, and the business and operations of each such Person and its development, construction and operation of the Projects are, and always have been, conducted in all respects in compliance with all material Laws (including, without limitation, laws with respect to consumer leasing and protection but not including Environmental Laws which are addressed under Section 5.16), and none of the Sponsor or any Relevant Party has received written notice from any Governmental Authority of an actual or potential violation of any such Laws, except as does not constitute or could not reasonably be expected to constitute a Material Adverse Effect.

Section 5.05 Solvency. No Loan Party has entered into any Loan Document with the actual intent to hinder, delay, or defraud any creditor. After giving effect to the issuance of the Loans (and the use of proceeds thereof), the fair saleable value of the Loan Parties' assets, taken as a whole, exceeds and will, immediately following the making of any Loans, exceed the Loan Parties' total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent obligations. The fair saleable value of the Loan Parties' assets, taken as a whole, is and will,

immediately following the making of any Loans (and the use of proceeds thereof), be greater than the Loan Parties' probable liabilities, including the maximum amount of its contingent obligations on its debts as such debts become absolute and matured. The Loan Parties' Assets, taken as a whole, do not and, immediately following the making of any Loans (and the use of proceeds thereof) will not, constitute unreasonably small capital to carry out the business of the Loan Parties as conducted or as proposed to be conducted. The Borrower does not intend for it or any Subsidiary to, and does not believe that any such Person will, incur Indebtedness and liabilities beyond its ability to pay such Indebtedness and liabilities as they mature (taking into account the timing and amounts of cash to be received by the Loan Parties and the amounts to be payable on or in respect of obligations of the Loan Parties).

Section 5.06 Use of Proceeds and Margin Security; Governmental Regulation.

(a) No portion of the proceeds from the making of the Loans will be used by the Borrower, a Loan Party or any other Person in any manner that might cause the borrowing or the application of such proceeds to violate Regulation T, Regulation U or Regulation X or any other regulation of the Board of Governors of the Federal Reserve System. Nor is Borrower engaged principally, or as one of its principal activities in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined or used in Regulation T, U or X of the Federal Reserve Board).

(b) Each of the Projects is a Qualifying Facility.

(c) The Borrower and each of the Subsidiaries are either not subject to, or are exempt from, regulation (i) as a "public utility" or a "holding company" under the FPA, or (ii) under PUHCA.

(d) The Borrower and each of the Subsidiaries are either not subject to, or are exempt from, regulation as a "public utility," an "electric utility," "electric corporation," or a "holding company," or similar terms, under the relevant State's laws or regulations, including state laws and regulations respecting the rates of electric utilities and the financial and organizational regulations of electric utilities.

(e) None of the Borrower or any Subsidiary is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act.

(f) None of the Borrower or any Subsidiary is subject to regulation under any federal or state statute or regulation that limits their ability to incur indebtedness for borrowed money.

(g) Solely as the result of the execution and delivery of the Loan Documents, the consummation of the transactions contemplated by the Loan Documents, or the performance of obligations under the Loan Documents, none of the Lenders will become subject to regulation (i) as a "public utility" or a "holding company" under the FPA, (ii) under PUHCA, or (iii) as a "public

utility,” an “electric utility,” “electric corporation,” or a “holding company,” or similar terms, under the relevant State’s laws or regulations.

Section 5.07 Defaults; No Material Adverse Effect.

(a) No Default or Event of Default has occurred and is continuing.

(b) Since the later of (i) the Closing Date and (ii) the last date any Delayed Draw Loans were advanced pursuant to Section 2.01, no event, condition or circumstance has occurred which has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

Section 5.08 Financial Statements; Books and Records.

(a) Except as set forth on Schedule 5.08, all Financial Statements which have been furnished by or on behalf of any Relevant Party, the Sponsor or any of their Affiliates to the Administrative Agent in connection with the Loan Documents have been prepared in accordance with GAAP, consistently applied and present fairly in all material respects the financial condition of the Persons covered thereby as of the respective dates thereof, subject, in the case of any such unaudited Financial Statements, to changes resulting from audit and normal year-end adjustments, including the absence of footnotes and subject to validation of individual capital accounts in calculating net loss attributable to noncontrolling interests in conformity with GAAP.

(b) All books, accounts and files of each Relevant Party are accurate and complete in all material respects, and Borrower has access to all such books and records and the authority to grant access to such books and records to the Secured Parties.

Section 5.09 Indebtedness. The Borrower and the Subsidiaries have no outstanding Indebtedness other than the Obligations and other Permitted Indebtedness. The Obligations under the Loan Documents constitute Indebtedness of the Loan Parties secured by a first ranking priority security interest in the Collateral. As of the Closing Date, no other Indebtedness of the Loan Parties ranks senior in priority to the Obligations.

Section 5.10 Litigation; Adverse Facts. There are no judgments outstanding against the Sponsor or any Relevant Party, or affecting any of the Projects or any other property of any Relevant Party, nor to the Relevant Parties’ Knowledge is there any action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration now pending or threatened against the Sponsor or any Relevant Party, respectively, or any of the Projects that relates to the legality, validity or enforceability of any of the Transaction Documents, the ability of a Secured Party to exercise any of its rights in respect of the Collateral or the Collateral Documents or, other than as set forth in Schedule 5.10, that could reasonably be expected to result in a Material Adverse Effect.

Section 5.11 Taxes. All U.S. federal, state, local tax returns and reports, and all other material tax returns or reports, of the Relevant Parties required to be filed have been timely filed (or any such Person has timely filed for a valid extension and such extension has not expired), and all material taxes, assessments, fees and other governmental charges (including any payments in lieu of taxes) upon such Persons and upon their properties, assets, income, profits, businesses and

franchises which are due and payable have been timely paid except to the extent the same are being contested in accordance with Section 6.06, and/or adequate reserves under GAAP are maintained, as listed on Schedule 5.11. There are no Liens for Taxes (other than Liens for Taxes not yet due and payable) on any assets of any Relevant Party, no unresolved written claim has been asserted with respect to any Taxes of any Relevant Party, no waiver or agreement by any Relevant Party is in force for the extension of time for the assessment or payment of any Tax, and no request for any such extension or waiver is currently pending. Except as set forth on Schedule 5.11, there is no pending or, to the Knowledge of the Borrower, threatened audit or investigation by any Governmental Authority of any Relevant Party with respect to Taxes. No Relevant Party is a party to or bound by any tax sharing arrangement with any Person (including any Affiliate of a Relevant Party). No Relevant Party has engaged in any "listed transaction" as defined in Treasury Regulation section 1.6011-4 or made any disclosure under Treasury Regulation section 1.6011-4. With respect to each Project that is leased for U.S. federal income tax purposes by a Relevant Party to a Customer, to the Knowledge of the Borrower, the Customer is not a tax exempt entity within the meaning of section 168(h)(2) of the Code, except as could not reasonably be expected to have a Material Adverse Effect, when combined with other similar Projects. All Projects are currently exempt from real property taxes. All personal property taxes and sales and use taxes imposed upon the Energy produced by a Project are fully reimbursable by the Customers or have been timely paid by the Manager.

Section 5.12 Performance of Agreements. None of the Relevant Parties or the Sponsor are in default in the performance, observance or fulfillment of the Loan Documents, Wholly Owned Opco Documents or the Management Agreement. None of the Relevant Parties are in material default in the performance, observance or fulfillment of the other Transaction Documents to which they are a party or any of the other obligations, covenants or conditions contained in any material contracts of any such Persons and, to the Knowledge of the Relevant Parties, no condition exists under such Transaction Documents that, with the giving of notice or the lapse of time or both, would constitute such a material default, other than with respect to the Customer Agreements or the Master Turnkey Installation Agreements where such condition (itself or when coupled with other defaults or conditions under such agreements) could not reasonably be expected to have a Material Adverse Effect.

Section 5.13 Employee Benefit Plans. None of the Borrower or any Relevant Parties, or any of their respective ERISA Affiliates, maintains or contributes to, or has any obligation under, any Employee Benefit Plans or Multiemployer Plans. Without limiting the foregoing, the Borrower and its Subsidiaries do not have any employees or former employees and do not sponsor, maintain, participate in, contribute to or have any obligations under or liability in respect of any Plan.

Section 5.14 Insurance. Set forth on Schedule 5.14 is a description of all policies of insurance for the Relevant Parties, including those policies of the Sponsor for the benefit of the Relevant Parties which are required to be maintained pursuant to a Transaction Document, that are in effect as of the Closing Date. Such Insurance Policies conform to the requirements of Section 6.13 and have been paid in full or are not in arrears. No notice of cancellation has been received with respect to such policies and the Relevant Parties and the Sponsor are in compliance in all material respects with all conditions contained in such policies.

Section 5.15 Investments. Except as permitted under Section 7.07, the Relevant Parties have no direct or indirect equity interest in any Person which is not also a Relevant Party, including any stock, partnership interest or other equity securities of any other Person.

Section 5.16 Environmental Compliance. Each Project is, and has been developed, constructed and operated, in material compliance with all applicable Environmental Laws and Permits; no notice of violation of such Environmental Laws or Permits has been issued by any Governmental Authority with respect to any Project which has not been resolved; there is no pending or, to the Borrower's Knowledge, threatened action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration in respect of any Environmental Laws against the Borrower or with respect to any Project; there has been no Release of any Hazardous Material on, from or related to any Project that has resulted in or could reasonably be expected to result in any material obligation or material liability for the Borrower; and no action has been taken by the Borrower that would cause any Project not to be in material compliance with all applicable Environmental Laws or Permits pertaining to Hazardous Materials.

Section 5.17 Project Permits. No Permits are required for the operation of any Project in the ordinary course following the date that it has received a PTO Letter.

Section 5.18 Representations Under Other Loan Documents. Each of the Relevant Parties' representations and warranties set forth in the (i) other Loan Documents are true, correct and complete in all material respects and (ii) Limited Liability Company Agreements and Master Purchase Agreements are true, correct and complete in all material respects when made.

Section 5.19 Broker's Fee. Except as disclosed in Schedule 5.19, no broker's fee or finder's fee, commission or similar compensation will be payable by or pursuant to any contract or other obligation of any Relevant Party with respect to the making of the Loans or any of the other transactions contemplated by the Transaction Documents.

Section 5.20 Taxes and Tax Status.

(a) Each Relevant Party is treated for U.S. federal income tax purposes either as disregarded as an entity, separate from its owner (as described in U.S. Treasury Regulations section 301.7701-2(c)(2)(i)) or as a partnership (and not a publicly traded partnership as defined in section 7704(b) of the Code), and each such owner for this purpose is a U.S. Person and not a Tax Exempt Person (if the owner for this purpose is a partnership, then each direct or indirect owner of the owner is a U.S. Person, and no direct or indirect owner of the owner is a Tax Exempt Person, unless it owns its interest through an entity taxable as a corporation for U.S. federal income tax purposes that is not a "tax-exempt controlled entity" within the meaning of section 168(h)(6)(F) of the Code). No Relevant Party has elected to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

(b) Each Relevant Party has timely filed or caused to be filed all material tax returns, information statements and reports required to have been filed by it, and each Relevant Party has paid or caused to be paid all material Taxes, assessments, fines or penalties required to have been paid by it, except taxes, assessments, fines or penalties that are being contested in good

faith and by appropriate proceedings and for which such Person has set aside segregated cash reserves that are adequate for the payment thereof as required by GAAP. All such tax returns are complete and accurate in all material respects. Except for Permitted Liens, no tax lien has been filed and no claim is being asserted with respect to any such Taxes, assessments, charges or fees.

Section 5.21 Sanctions; Anti-Money Laundering and Anti-Corruption.

(a) Neither the Relevant Parties nor any of their Affiliates, nor, to the Knowledge of the Borrower, any director, officer, agent, employee, affiliate or other person acting on behalf of a Relevant Party or their Affiliates (i) is a Blocked Person (ii) has been engaged in any transaction, activity or conduct that could reasonably be expected to result in its being designated as a Blocked Person; and/or (iii) has received notice of, or is otherwise aware of, any claim, action, suit, proceedings or investigation involving it with respect to Sanctions.

(b) The operations of the Relevant Parties and each of their Affiliates have been conducted at all times in compliance with applicable anti-money laundering statutes of all applicable jurisdictions including, without limitation, all money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States Law or regulation governing such activities (collectively, "Anti-Money Laundering Laws") and no action, suit or proceeding by or before any court or other Governmental Authority involving a Relevant Party or any Affiliate with respect to the Anti-Money Laundering Laws is pending, or to the Knowledge of the Borrower, threatened.

(c) Neither the Relevant Parties nor any of their Affiliates, nor, to the Knowledge of the Borrower, any director, officer, agent, employee, affiliate or other person acting on behalf of a Relevant Party or their Affiliates is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of any other anti-corruption related activity under any applicable Law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended and the U.K. Bribery Act 2010, as amended, and the rules and regulations thereunder (collectively, "Anti-Corruption Laws"), including, without limitation, using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful payment to any foreign or domestic government official or employee from corporate funds, and making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment, (ii) is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, or (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws.

(d) No proceeds of any Loan shall be used directly or indirectly for business activities in violation of, and none of the transactions contemplated by the Transaction Document will violate, Anti-Money Laundering Laws, Anti-Corruption Laws or applicable Sanctions.

Section 5.22 Property Rights. Each Opco owns each photovoltaic system included in a Project acquired by it and owns, or has a contractual right to use or shall have on the date it acquires a Project, ownership of or a leasehold interest in or a contractual right to use, all equipment and facilities necessary for the operation of each Project. All equipment and facilities included in the

Projects are (or are reasonably expected to be when acquired, leased or contracted for) in good repair and operating condition subject to ordinary wear and tear and casualty and are suitable for the purposes for which they are employed, and, to the Knowledge of Borrower, there is no material defect, hazard or dangerous condition existing with respect to any such equipment or facilities except as could not reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of the Borrower to perform under the Loan Documents at or above the assumptions in the Base Case Model. Each Opco has the requisite real property rights and licenses under the Customer Agreements to which it is party to access, install, operate, maintain, repair, improve and remove its respective Projects and evidence of such real property rights and licenses has been provided to the Administrative Agent. No Relevant Party is the title owner of any real property.

Section 5.23 Portfolio Documents.

(a) No Relevant Party (other than the Pledgor) is party to any agreement or contract other than (i) the Transaction Documents to which it is a party, (ii) in the case of any Opco, any Excluded REC Contract entered into by it and (iii) any contract or agreement incidental or necessary to the operation of its business that does not allocate material risk to such Relevant Party and has a term of less than one year or that has a value over its term not exceeding \$100,000.

(b) All rights to receive the PBI Payments and the related PBI Documents in respect of the Eligible Projects have been assigned by the Sponsor to the applicable Opco and all conditions to payment by the PBI Obligor under such PBI Documents have been satisfied and such payments are not subject to any offset.

(c) Each Customer Agreement to which an Opco is a party is an Eligible Customer Agreement.

(d) Each Customer Agreement and the origination thereof and the installation of the related Project, in each case, was in compliance in all material respects with applicable Law (including without limitation, all consumer leasing and protection Law) at the time such Customer Agreement was originated and executed and such Project was installed.

(e) Each Eligible Customer Agreement requires the applicable Customer to maintain homeowner's insurance for all damage to the property on which the related Project is installed, including damage caused by the Project or the installation or maintenance thereof (other than damage resulting from the gross negligence of the Manager).

(f) Except as set forth on Schedule 5.23(f), all Portfolio Documents when provided to the Administrative Agent (in each case, including all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters) are (or will be when provided) true, correct and complete copies of such Portfolio Documents, and as of the Closing Date or any other date when additional Portfolio Documents are provided to the Administrative Agent hereunder, each Portfolio Document (i) has been duly executed and delivered by the Sponsor and each Relevant Party thereto (as applicable) and, to the Knowledge of the Borrower and the Subsidiaries, the other parties thereto, (ii) is in full force and effect and is enforceable against the

Sponsor and each Relevant Party (as applicable) and, to the Knowledge of Borrower and the Subsidiaries, each other party thereto as of such date, (iii) neither the Sponsor nor any Relevant Party or, to the Knowledge of the Borrower and each Subsidiary, no other party to such document is or, but for the passage of time or giving of notice or both, would be in breach of any material obligation thereunder, except solely with respect to the Project Documents, where such breach (itself or when coupled with other breaches under such Project Documents) could not reasonably be expected to have a Material Adverse Effect, (iv) has no event of force majeure existing thereunder except solely with respect to the Project Documents, where such event of force majeure (itself or when coupled with other events of force majeure under such Project Documents) could not reasonably be expected to have a Material Adverse Effect and (v) all conditions precedent to the effectiveness of such documents have been satisfied or waived in writing.

(g) The Borrower maintains in its or the relevant Relevant Party's books and records a copy of all documentation ancillary to the Customer Agreements, including, with respect to each completed Project: (i) a copy of or access to all of such Project's manufacturer, installer or other warranties; (ii) copies of all PBI Documents and completed and submitted documentation in respect of rebates, if applicable, including the applicable confirmation letters; (iii) a copy of the Project's completed inspection certificate issued by the applicable Governmental Authority; (iv) evidence of permission to operate from the applicable local utility; and (v) evidence that the installer of such Project has been paid in full.

(h) The insurance described in Section 6.13 satisfies all insurance requirements set forth in the Portfolio Documents.

(i) Each Eligible Project (i) is comprised of panels, inverters and batteries from Approved Manufacturers and (ii) has been, or is being, installed by a Qualified Installer.

(j) The Sponsor and Relevant Parties have taken all action in accordance with Prudent Industry Practices to ensure that the manufacturer warranties relating to an Eligible Project are in full force and effect and can be enforced by the applicable Opco and, to the Knowledge of the Borrower and except to the extent the applicable manufacturer is no longer honoring its warranties generally, all manufacturer warranties are in full force and effect.

(k) In respect of each Eligible Project with respect to which a Customer Agreement was prepared for execution on and from January 6, 2014, a fixture filing has been recorded against each Customer and the applicable property in respect of such Eligible Project in the filing office designated by Section 9-501 of the applicable Uniform Commercial Code (as adopted in the applicable jurisdiction of installation) prior to, or within, the period required under Section 2-A-309 of the applicable Uniform Commercial Code in order to perfect a first priority security interest following the delivery of any photovoltaic system components to a site for installation.

(l) In respect of each Eligible Project in California with respect to which a Customer Agreement has been entered into, a filing in respect of such Eligible Project (pursuant to and in compliance with Cal. Pub. Util. Code §§ 2868-2869) was made in the applicable local filing office where the Eligible Project is located.

(m) Each Eligible Project is located in a Project State.

Section 5.24 Security Interests.

(a) The Collateral Documents create, as security for the Obligations, valid, enforceable, and, upon the filing of documents and instruments in the proper places and the taking of other required actions (including, without limitation, possession), which have been filed or taken on or prior to the Closing Date, perfected first-priority Liens in the Collateral, in favor of the Collateral Agent, for the benefit of the Secured Parties, subject to no Liens other than Permitted Liens. All consents and approvals necessary or desirable to create and perfect such Liens have been obtained.

(b) The descriptions of the Collateral set forth in the Collateral Documents are true, complete, and correct in all material respects and are adequate for the purpose of creating, attaching, and perfecting the Liens in the Collateral granted or purported to be granted in favor of the Collateral Agent for the benefit of the Secured Parties.

(c) All filings, registrations, recordings, notices, and other actions that are necessary or required as of the Closing Date (including delivery to the Collateral Agent of the certificates evidencing the Membership Interests or giving the Collateral Agent control or possession of the Collateral) to perfect the Collateral Agent's Lien on the Collateral have been made or taken or will be made or taken on the Closing Date.

Section 5.25 Intellectual Property. Each Subsidiary owns or holds a valid and enforceable agreement, license, permit, certificate, franchise or other authorization or right to use the technology and intellectual property rights necessary to own, lease, operate, maintain and repair the Projects, and no actions by any Subsidiary that have been performed or are expected to be performed under the Portfolio Documents infringe upon or misappropriate the intellectual property rights of any other Person.

Section 5.26 Full Disclosure.

(a) All written information, including any information contained in any Officer's Certificate, Loan Document (including all schedule, exhibit annexes and other attachments), documents, reports or other written information pertaining to the Sponsor, the Relevant Parties, the Portfolio Documents and the Projects (other than any projections or forward-looking statements), together with all written updates of such information from time to time (collectively, the "Information"), that have been furnished by or on behalf of the Borrower to any Secured Party or its advisors or consultants are, as of the date such Information was so furnished (it being understood, without limitation, that the disclosures under the schedules to this Agreement, except where updated in accordance with this Agreement, are furnished as of the Closing Date) and taken as a whole, true and correct in all material respects and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading in light of the circumstances in which they were made.

(b) The projections and forward-looking statements, including the Base Case Model, prepared by or as directed by the Borrower that have been made available to any Secured Party (i) have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as and when such projections or forward-looking statements were prepared and as of the Closing Date (ii) other than with respect to variances to the assumptions as agreed by the Administrative Agent and the Borrower, are generally consistent with each financial model provided to the Tax Equity Class A Members as and when such projections or forward-looking statements were prepared and (iii) do not include any cash flows from any Project that is not an Eligible Project.

ARTICLE VI

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that until the Debt Termination Date, it shall perform and comply with all covenants in this Article VI applicable to such Person.

Section 6.01 Financial Statements and Other Reports.

(a) Financial Statements and Operating Reports.

(i) Annual Reporting. Within one-hundred twenty (120) days (or, in the case of the fiscal year ending December 31, 2017, one-hundred fifty (150) days) after the end of each fiscal year of the Sponsor commencing with the fiscal year ending December 31, 2017, the Borrower shall furnish, or cause to be furnished, to the Administrative Agent and each Lender copies of the Financial Statements of the Borrower. In the case of the Financial Statements of the Borrower, the Financial Statements for each of the Opcos shall be scheduled individually as "Other Financial Information". The annual Financial Statements of the Sponsor shall comply with the requirements of, and be provided no later than, as required by and in any manner permitted by the Securities and Exchange Commission and applicable Law and listing rules. All such Financial Statements shall be prepared in accordance with GAAP consistently applied and shall be audited by an Independent certified public accounting firm of national standing, and shall be accompanied by an unqualified report of such accountants on such Financial Statements which states that such Financial Statements present fairly in all material respects the financial position of the applicable Person and its consolidated subsidiaries for the period covered by such Financial Statements. All such Financial Statements shall also be accompanied by a certification executed by the applicable Person's chief executive officer or chief financial officer (or other officer with similar duties) to the effect set forth in Section 6.01(a)(vi).

(ii) Quarterly Reporting. Within sixty (60) days (or, in the case of the fiscal quarter ending March 31, 2018, ninety (90) days) after the end of each of the first three (3) fiscal quarters in each fiscal year of the applicable Person, commencing with the fiscal quarter ended March 31, 2018, the Borrower shall provide to the Administrative Agent and each Lender (on a consolidated basis for the applicable Person and its subsidiaries) copies of the unaudited Financial Statements of each of the Borrower and

each of the Opcos individually for each such quarter, together with a certification executed by the applicable Person's chief executive officer or chief financial officer (or other officer with similar duties) to the effect set forth in Section 6.01(a)(vi). The quarterly Financial Statements of the Sponsor shall comply with the requirements of, and be provided by no later than, as required by and in any manner permitted by the Securities and Exchange Commission and applicable Law and listing rules.

(iii) Portfolio Reporting. The Borrower shall cause the Manager to provide to the Administrative Agent and the Independent Engineer the quarterly Manager's report (as described in the Management Agreement), no later than forty five (45) days after the end of the fiscal quarter of the Borrower, commencing with the fiscal quarter ended December 31, 2017, in the form attached as Exhibit B to the Management Agreement. The Borrower shall cause the Manager and its employees and officers to make themselves available at the request of the Administrative Agent or the Independent Engineer to discuss any information disclosed in a Manager's report, including with respect to the tracking of expected flip dates under each Limited Liability Company Agreement and major system equipment failure rates.

(iv) Operator Reporting. The Borrower shall cause the Operators to provide to the Administrative Agent and the Independent Engineer all reports required pursuant to O&M Agreements at such time and in such manner as provided therein; provided that any reports in respect of a fiscal quarter shall commence with the fiscal quarter ended December 31, 2017 and any reports in respect of a fiscal year shall commence with the fiscal year ended December 31, 2017. The Borrower shall cause each Operator and its employees and officers to make themselves available at the request of the Administrative Agent or the Independent Engineer to discuss any information disclosed in such reports, including with respect to major system equipment failure rates.

(v) Debt Service Coverage Ratio Certificate. No later than ten (10) Business Days prior to each Payment Date, Borrower shall provide to Administrative Agent a Debt Service Coverage Ratio Certificate. The Administrative Agent (including on the instructions of any Lender) may notify the Borrower in writing of any suggested corrections to a Debt Service Coverage Ratio Certificate (the "Administrative Agent DSCR Comments") that are not inconsistent with the terms of this Agreement, no later than five (5) Business Days following receipt of a Debt Service Coverage Ratio Certificate. The Borrower shall incorporate into the Debt Service Coverage Ratio Certificate all Administrative Agent DSCR Comments that are consistent with the terms of this Agreement and deliver to the Administrative Agent a revised Debt Service Coverage Ratio Certificate no later than three (3) Business Days following the date of the Borrower's receipt of the Administrative Agent DSCR Comments. The calculations of the Debt Service Coverage Ratios and other information provided in respect of Debt Service Coverage Ratio Certificate hereunder shall be used in determining deposits to and releases from the Revenue Account or the Distribution Trap Account, as applicable, pursuant to Sections 4.02(b) and 4.02(e) of the Depository Agreement. If the Borrower fails to produce the information and calculations relating to the Debt Service Coverage

Ratios and Debt Service Coverage Ratio Certificate required to be produced pursuant to this Agreement, then, until such time as such information and calculations are provided, no funds shall be released pursuant to Section 4.02(b)(xi)(C) or 4.02(e)(ii) of the Depository Agreement on a Payment Date.

(vi) Certifications of Financial Statements and Other Documents. Together with the Financial Statements provided to the Administrative Agent pursuant to Section 6.01(a)(i) and (ii), the Borrower shall also furnish to the Administrative Agent certifications upon which the Administrative Agent may conclusively rely in the form of Exhibit K, executed by the respective chief executive officer or chief financial officer (or other officer with similar duties) of the Borrower and each of the applicable Opcos certifying that such Financial Statements fairly present the financial condition and results of operations of the Borrower and each of the applicable Opcos on a consolidated basis for the period(s) covered thereby in accordance with GAAP (subject, in the case of any such unaudited Financial Statements, to changes resulting from audit and normal year-end adjustments, including the absence of footnotes and subject to validation of individual Subsidiary capital accounts in calculating net loss attributable to noncontrolling interests in conformity with GAAP).

(vii) Fiscal Year. The Borrower shall not, and shall not permit any Subsidiary to, change its fiscal year end from December 31.

(viii) Updated Project Information Addressing Customer Prepayment Events. Simultaneously with providing each Prepayment Event Certificate, the Borrower shall deliver to the Administrative Agent (A) updated Project Information and (B) an updated Base Case Model, in each case, updated solely for Customer Prepayment Events and, from and after the date the Borrower is required to rerun the Closing Date Tax Equity Model pursuant to Section 6.29(a), [***] that have occurred since updated information was last provided pursuant to this Section 6.01(a)(viii).

(b) Material Notices. The Borrower shall promptly, but in no event later than three (3) Business Days after the earlier of its or any Subsidiary's receipt or Knowledge thereof, deliver, or cause to be delivered, to the Administrative Agent:

(i) copies of all notices given or received with respect to a default or any event of default under any term or condition of or related to any Permitted Indebtedness;

(ii) copies of any and all notices of a default, breach or termination by any party under (A) any Transaction Document (other than a Project Document) or (B) any Project Document, which default, breach or termination under any Project Document (itself or when coupled with other breaches under any Project Document) could reasonably be expected to have a Material Adverse Effect;

(iii) notice of the occurrence of any event or circumstance that has, or could reasonably be expected to have, a Material Adverse Effect;

(iv) notice of any (i) fact, circumstance, condition or occurrence at, on, or arising from, any Project, that results or could reasonably be expected to result in material noncompliance with or a material liability or material obligation under any Environmental Law, (ii) Release of Hazardous Materials from or related to any Project that has resulted in or could reasonably be expected to result in personal injury, material property damage or material liability, or (iii) pending or, to the Borrower's Knowledge, threatened action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration in respect of any Environmental Laws against it or arising in connection with occupying or conducting operations on or at any Project therefor;

(v) copies of all material notices, documents or reports received or sent by the Borrower, the Sponsor or any other Relevant Party pursuant to any Tax Equity Document, which shall include (without limitation) any project purchase and sale confirmation notice, bill of sale and notices, documents or reports in relation to (A) any call, withdrawal or put option, (B) the achievement of any flip or cash reversion dates under a Limited Liability Company Agreement, (C) true-up requirements (including, without limitation, any interim and final true-ups or other updates to the financial model in respect of any Tax Equity Opco as delivered to the Tax Equity Class A Members), (D) the transfer of membership interests, (E) claims against the Sponsor or any Relevant Party under any indemnity, (F) the threatened or actual removal of any Tax Equity Holdco as a managing member, (G) any updates to financial models prepared by or in respect of any Tax Equity Opco, (H) material correspondence on eligibility criteria in the Tax Equity Documents for any Tax Equity Opco and (I) dispute resolution or independent review under the terms of any Tax Equity Document (including, without limitation, in relation to any Tracking Model, Projects being Placed in Service projects receiving a PTO Letter and any material dispute in relation to Tax matters and ITCs);

(vi) notice of any event which would require a mandatory prepayment under Section 4.03(a);

(vii) notice that any insurance required to be maintained pursuant to the Tax Equity Documents or Loan Documents has been, or is threatened to be, cancelled;

(viii) any proposed amendment, supplement, modification or waiver to, or assignment or transfer in respect of, a Portfolio Document (other than any Customer Agreement or Master Turnkey Installation Agreement) or the organizational documents of a Relevant Party at least five (5) Business Days prior to entry thereto;

(ix) copies of any amendment, supplement, waiver or other modification to a Portfolio Document or the organizational documents of a Relevant Party (provided that such documents in respect of the Customer Agreements may be provided on a quarterly basis but no later than forty-five (45) days after the end of March, June, September and December); and

(x) each recall notice issued in respect of, or any other material communications related to an actual or potential Serial Defect from any manufacturer of any inverter included in an Eligible Project.

(c) Tracking Models. In respect of an IRR Partnership Flip Opco at all times prior to the date when the Flip Point for such IRR Partnership Flip Opco is finally determined to have occurred pursuant to the applicable Limited Liability Company Agreement:

(i) the Borrower shall deliver at the same time delivered to the Tax Equity Class A Members of any IRR Partnership Flip Opco, but in no event later than as required under such Limited Liability Company Agreement whether delivered to the applicable Tax Equity Class A Member or not and without any extension or waiver unless consented to by the Required Lenders, copies of the applicable Tracking Model, together with such exhibits or supplemental information as are delivered to such Tax Equity Class A Members and are otherwise reasonably requested to demonstrate the basis of the calculation of the date by which the Flip Point is anticipated to be reached and a certification executed by the applicable Tax Equity Holdco's Authorized Officer that such Tracking Model has been prepared in good faith in accordance with calculation rules and conventions under the applicable Limited Liability Company Agreement (such Tracking Model, together with the applicable exhibits or supplemental information, the "Annual Tracking Model");

(ii) the Borrower shall deliver at the same time delivered to the Tax Equity Class A Members of any IRR Partnership Flip Opco, each update to the Tracking Model made to calculate whether the Flip Point has occurred during the preceding calendar quarter; and

(iii) if the aggregate Flip Point Delay for an IRR Partnership Flip Opco under the applicable Annual Tracking Model is greater than twelve (12) months on any Calculation Date, then the Borrower shall thereafter deliver, within forty-five (45) days after the end of each March, June, September and December, an update to the Tracking Model in respect of such IRR Partnership Flip Opco showing actual results through the end of the calendar quarter and demonstrating an updated calculation of the date by which the Flip Point is anticipated to be reached, together with such exhibits or supplemental information as are reasonably requested to demonstrate the basis of such calculation and a certification executed by the applicable Tax Equity Holdco's Authorized Officer that such Tracking Model has been prepared in good faith in accordance with calculation rules and conventions under the applicable Limited Liability Company Agreement.

The Borrower shall cause the applicable Tax Equity Holdco and the Manager to make themselves available at the request of the Administrative Agent (acting on the instructions of the Required Lenders) to discuss the basis for such calculations, including the interpretation and application of the calculation rules, conventions and procedures under the applicable Limited Liability Company Agreement. [***], the Administrative Agent may, [***], submit [***] to the Model Auditor for its review at the sole cost and expense of the Borrower.

(d) Major Decisions. The Borrower shall promptly, but in no event later than five (5) Business Days prior to any vote or approval in respect of a Major Decision, deliver, or cause

to be delivered, to the Administrative Agent written notice describing the issue to be decided by vote or approved together with copies of all correspondence received and sent with respect to that Major Decision.

(e) Operating Budgets.

(i) The Borrower shall prepare, or cause to be prepared, for each fiscal year of the Borrower and each Wholly Owned Opco an operating and capital expense budget setting forth the anticipated revenues and Operating Expenses (including expenses for Non-Covered Services) of each such Relevant Party for such fiscal year; provided that the Borrower shall update such budget prior to any Permitted Fund Disposition and any request to convert a Tax Equity Opco to a Wholly Owned Opco (with the consent of the Administrative Agent at the instruction of the Required Lenders) permitted under Section 7.10(d). The initial operating budget for 2017 is attached as Exhibit L hereto. For each succeeding fiscal year (commencing with 2018), the Borrower shall, not later than forty-five (45) days prior to the end of the current fiscal year (commencing in 2017), submit such Operating Budget to the Administrative Agent for its approval (in consultation with the Independent Engineer); provided that the approval of the Administrative Agent shall be deemed to be given if (A) the Operating Expenses set forth in the Operating Budget do not exceed 20% in the aggregate over the amount budgeted for such Operating Expenses of the Borrower and the Wholly Owned Opcos in the then-current Base Case Model for the applicable year, provided, further, that, even if such 20% threshold is exceeded, the Administrative Agent's approval shall also be deemed to be given if the Operating Expenses in respect of Non-Covered Services set forth in the Operating Budget on a per kW DC basis in respect of the Projects owned by the Wholly Owned Opcos are not more than \$15 per kW DC in the aggregate over the amount budgeted for such Operating Expense in respect of such Projects owned by the Wholly Owned Opcos in the then-current Base Case Model for the applicable year and (B) such Operating Budget is otherwise consistent with the then-current Base Case Model for the applicable year.

(ii) The Borrower shall, and shall cause each Tax Equity Holdco to, deliver to the Administrative Agent (i) each Operating Budget submitted to the Tax Equity Class A Members in respect of a Tax Equity Opco, at the same time as delivered to such Tax Equity Class A Member but in no event later than as required under the applicable Limited Liability Company Agreement and (ii) when available, any amendments to such Operating Budget, together with all notices or correspondence regarding the approval of such Operating Budget (if applicable) by the Tax Equity Class A Member; provided that the approval of the Administrative Agent (in consultation with the Independent Engineer) shall be required (such approval not to be unreasonably withheld or delayed but notwithstanding any permitted variances in any operating budgets approved by a Tax Equity Class A Member) if the aggregate Operating Expenses included in such Operating Budgets collectively exceed 20% in the aggregate over the amount budgeted for Operating Expenses in respect of the Tax Equity Opcos in the then-current Base Case Model for the applicable year, provided, further, that, even if such 20% threshold is exceeded, the

Administrative Agent's approval shall be deemed to be given if (A) the Operating Expenses in respect of Non-Covered Services set forth in the Operating Budget on a per kW DC basis in respect of the Projects owned by the Tax Equity Opcos are not more than \$15 per kW DC in the aggregate over the amount budgeted for such Operating Expense in respect of such Projects owned by the Tax Equity Opcos in the then-current Base Case Model for the applicable year and (B) such Operating Budgets are otherwise consistent with the then-current Base Case Model for the applicable year.

(f) Other Information. As soon as practicable upon request, the Borrower shall, deliver, or cause to be delivered, such other information in relation to the business, operations, property, assets or condition (financial or otherwise) of the Borrower and any Relevant Party as the Administrative Agent or any Lender may from time to time reasonably request.

(g) Data Site. Notwithstanding anything contained to the contrary herein, all reporting and notice obligations of the Borrower under this Section 6.01 may be satisfied by posting any applicable reports, notices or other materials to an Intralinks data site, a Syndtrak data site or such other data site designated by Borrower that is reasonably acceptable to the Administrative Agent and the Required Lenders and to which the Administrative Agent, the Lenders and the Independent Engineer shall be granted access.

Section 6.02 Notice of Events of Default. The Borrower shall give the Administrative Agent prompt written notice of (i) each Default of which it obtains Knowledge and each Event of Default hereunder and (ii) each default on the part of any party to the other Transaction Documents (other than the (i) Customer Agreements where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Effect) and (ii) Master Turnkey Installation Agreements where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Effect).

Section 6.03 Maintenance of Books and Records. The Borrower shall, and shall cause the Subsidiaries to, maintain and implement, administrative and operating procedures reasonably necessary in the performance of their obligations hereunder and the Borrower shall, and shall cause the Subsidiaries to, keep and maintain at all times, or cause to be kept and maintained at all times, all documents, books, records, accounts and other information reasonably necessary or advisable for the performance of their obligations hereunder to the extent required under applicable Law.

Section 6.04 Litigation. The Borrower shall give the Administrative Agent prompt written notice upon the Borrower or any Relevant Party receiving or obtaining:

(i) notice of any pending or threatened (in writing) litigation, investigation, action or proceeding by any Person of or before any court arbitrator or Governmental Authority affecting the Borrower or Subsidiary that, if adversely determined, could reasonably be expected to result in:

(A) liability to the Borrower or a Relevant Party in an aggregate amount exceeding \$1,000,000, or an aggregate amount with all other such claims exceeding \$3,000,000;

(B) injunctive, declaratory or similar relief against the Borrower or a Relevant Party; or

(C) a Material Adverse Effect; or

(ii) Knowledge of any material development in any action, suit, proceeding, governmental investigation or arbitration at any time which is disclosed under Schedule 5.10 or which is otherwise pending against or affecting the Sponsor, Borrower or any Relevant Party and could reasonably be expected to have a Material Adverse Effect.

Section 6.05 Existence; Qualification. The Borrower shall, and shall cause each other Subsidiary to, at all times preserve and keep in full force and effect its existence as a limited liability company and all rights and franchises material to its business, including its qualification to do business in each state where it is required by Law to so qualify, except to the extent that the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

Section 6.06 Taxes. The Borrower shall, and shall cause each of the Subsidiaries to, maintain its status for U.S. federal income tax purposes as represented in Section 5.20 of this Agreement and shall not recognize any transfer of an ownership interest in the Borrower if the direct owner is not a U.S. Person that is not a Tax Exempt Person. The Borrower shall, and shall cause each of the Subsidiaries to, pay, or cause to be paid, as and when due and prior to delinquency, all material Taxes, assessments and governmental charges of any kind that may at any time be lawfully due or levied against or with respect to such Person or any Project (including, in each case, all material Taxes, assessments and charges lawfully made by any Governmental Authority for public improvements that may be secured by a Lien on such Project); provided, however, that the Borrower may, by appropriate proceedings, contest or cause to be contested in good faith any such Taxes, assessments and other charges and, in such event, may, if permitted by applicable Laws, permit the Taxes, assessments or other charges so contested to remain unpaid during any period, including appeals, when the Borrower is in good faith contesting or causing to be contested the same by appropriate proceedings, so long as (i) reserves in accordance with GAAP have been established on the Borrower's or its relevant Subsidiary's books in an amount sufficient to pay any such Taxes, assessments or other charges, accrued interest thereon and potential penalties or other costs relating thereto, or other provision for the payment thereof reasonably satisfactory to the Administrative Agent shall have been made, (ii) enforcement of the contested Tax, assessment or other charge is effectively stayed pursuant to applicable Laws for the entire duration of such contest and (iii) any Tax, assessment or other charge determined to be due, together with any interest or penalties thereon, is promptly paid after resolution of such contest.

Section 6.07 Operation and Maintenance. The Borrower shall, and shall cause each Opco and the applicable Operator to, keep each Project in good operating condition consistent in all material respects with the applicable Portfolio Documents, all other agreements with respect to the

Project (including any provisions of any manufacturer, installer or other warranties), Prudent Industry Practices and requirements of Law, and make or cause to be made all repairs necessary to keep such Projects in such condition (ordinary wear and tear excepted). With respect to replacements of panels, inverters and batteries of any Project, the Borrower shall, and shall cause each Opco and the applicable Operator to, use panels, inverters and batteries manufactured by Approved Manufacturers.

Section 6.08 Preservation of Rights; Maintenance of Projects; Warranty Claims; Security.

(a) The Borrower shall, and shall cause each Subsidiary to (i) perform and observe its material obligations under the Portfolio Documents, and to which such Relevant Party is a party and (ii) preserve, protect and defend its (or its Subsidiary's) material rights, under such Portfolio Documents, including prosecution of suits to enforce any right of such Relevant Party thereunder and enforcement of any claims with respect thereto. The Borrower and each Subsidiary shall cause the applicable Operator to maintain any Permits as may be required in connection with the maintenance, repair or removal of any Project.

(b) The Borrower and each Subsidiary shall, or shall cause the Manager or Operator (as appropriate) to, on behalf of the applicable Subsidiary, pursue warranty claims related to a Project's photovoltaic panels, inverters, batteries or other material components in accordance with the terms of the applicable warranty, unless the Administrative Agent waives such requirement in writing.

(c) The Borrower shall, and shall cause each Loan Party to, execute and deliver from time to time such other documents as shall be necessary or advisable, or that the Administrative Agent or Collateral Agent may reasonably request, in connection with the rights and remedies of the Secured Parties granted by or provided for in the Loan Documents and to perform the transactions contemplated therein.

(d) The Borrower shall, and shall cause each Loan Party to (i) take all actions as may be necessary or advisable, or that the Administrative Agent may reasonably request, to establish, maintain, protect, perfect and continue the perfection or the first-priority status (subject to Permitted Liens) of the security interests created (or purported to be created) by the Collateral Documents and (ii) furnish timely notice of the necessity of any such action together with such instruments, in execution form (if applicable), and such other information as may be required or reasonably requested to enable any appropriate Person to effect any such action. Without limiting the generality of the foregoing, the Borrower shall, at its own expense, (A) execute and deliver or cause to be executed and delivered, acknowledge or cause to be acknowledged, file or cause to be filed or record or register or cause to be recorded or registered, or take any other action or cause any other action to be taken with respect to, such notices, statements, instruments and other documents (including any memorandum of lease or other agreement, UCC financing statement or amendment or continuation statement, certificate of title or estoppel certificate, fixture filings and mortgages or deeds of trust) in all places necessary or advisable to establish, maintain, protect and perfect, and ensure the priority of, such security interests and in all other places that the Administrative Agent or any Lender shall reasonably request, (B) discharge all other Liens (other than Permitted Liens) or other claims adversely affecting the rights of the Secured Parties in the

Collateral or the pledged interests and (C) deliver or publish all notices to third parties that may be required to establish or maintain the validity, perfection or priority of any Lien created pursuant to this Agreement or the Collateral Documents.

(e) Without limiting its obligations under the foregoing clauses (c) and (d), the Borrower shall, and shall cause each Loan Party to, do everything necessary or advisable (including filing, registering and recording all necessary instruments and documents and paying all fees, taxes, levies, imposts and periodic expenses in connection therewith), or that the Administrative Agent may reasonably request, to (i) create security arrangements, including, as applicable, the establishment of a pledge or the perfection of any Lien or, as applicable, the enforceability of a Lien as against such Subsidiary and any subsequent lienor (including a judgment lienor), holder of a charge, or transferee for or not for value, in bulk, by operation of Law, or otherwise, in each case granted, with respect to all future assets in accordance with the requirements of all applicable Laws, or the Law of any other jurisdiction, as applicable, (ii) maintain the security and pledges created by this Agreement and the Collateral Documents in full force and effect at all times (including, as applicable, the priority thereof) and (iii) preserve and protect the Collateral and Membership Interests and protect and enforce its rights and title, and the rights and title of the Secured Parties, to the security created by this Agreement and the Collateral Documents.

(f) The Borrower shall take all reasonable actions to maintain the fixture filings referenced in Section 5.23(k) and Section 5.23(l) pursuant to applicable Laws. If, in any Project State, a Change of Law occurs which in the opinion of the Administrative Agent makes it more likely that any residential photovoltaic system installed in such Project State would be determined to be a fixture then, at the Administrative Agent's request, the Borrower shall, and shall cause each Subsidiary, to use their best efforts to cause a fixture filing to be recorded against each Customer and the applicable property in such Project State in respect of each Project that does not have a current fixture filing.

(g) Without limitation to Section 6.22 and Section 7.10(d), simultaneously with the purchase of the outstanding "class A" membership interests of a Tax Equity Opco or any membership interests held by a Tax Equity Class A Member in such Tax Equity Opco (whether pursuant to purchase, call, put or withdrawal option), the Borrower shall, and shall cause the applicable Tax Equity Holdco and Tax Equity Opco to, deliver such new and amended Collateral Documents and standing instructions and associated amendments to the Loan Documents as requested by the Administrative Agent (including a security agreement over all assets of such Tax Equity Opco, standing instructions for the deposit of the revenues of such Tax Equity Opco into the Collections Account and amendments to reflect such Tax Equity Opco as a wholly owned subsidiary of the Borrower) in a form and of substance reasonably acceptable to it.

Section 6.09 Compliance with Laws; Environmental Laws. The Borrower shall, and shall cause each Subsidiary to (a) comply in all material respects with, and conduct its business and operations in compliance in all material respects with, all applicable Laws (including Environmental Laws, consumer leasing and protection Law and any federal, state or local regulatory Laws) and Permits, and (b) procure, maintain and comply in all material respects with all Permits by the date such Permit is necessary or required to have been obtained under applicable Law.

Section 6.10 Energy Regulatory Laws. The Borrower shall, and shall cause each Subsidiary to, take all necessary actions to maintain (a) the status of each Project as a Qualifying Facility, and (b) the Borrower's and each Subsidiary's exemptions from (i) the FPA, as provided in FERC's regulations at 18 C.F.R. § 292.601(c), including the exemption from regulation under Sections 205 and 206 of the FPA as provided in § 292.601(c)(1), (ii) PUHCA, as provided in FERC's regulations at 18 C.F.R. § 292.602(b), and (iii) certain state laws and regulations respecting the rates of electric utilities and the financial and organizational regulations of electric utilities, as provided in FERC's regulations at 18 C.F.R. § 292.602(c).

Section 6.11 Interest Rate Hedging. No later than thirty (30) days after the Closing Date, the Borrower shall enter into and thereafter maintain Interest Rate Hedging Agreements with one or more Secured Hedge Providers or with one or more third party providers (in each case, documented pursuant to ISDA agreements reasonably satisfactory to the Administrative Agent (in consultation with external counsel)) to the extent necessary to provide that at least 50% of the aggregate principal amount of the Delayed Draw Loans outstanding or projected to be outstanding are subject to either a fixed interest rate or interest rate protection through the Projected Amortization Date; provided that from and after the last day of the Availability Period, the hedging percentage set forth in the preceding clause shall be increased from 50% to 75% and the Borrower shall have entered into such additional Interest Rate Hedging Agreements in satisfaction of this increased minimum hedging requirement; provided, further, that in no event shall the Borrower enter into or maintain Interest Rate Hedging Agreements that provide that more than 100% of the aggregate principal amount of the Delayed Draw Loans outstanding or projected to be outstanding based on the deemed amortization profile of the Delayed Draw Loans are subject to either a fixed interest rate or interest rate protection.

Section 6.12 Payment of Claims.

(a) Except for those matters being contested pursuant to clause (b) below, the Borrower shall, and shall cause the Subsidiaries to, pay (i) all claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by Law have or may become a Lien upon any of its properties or assets (hereinafter referred to as the "Claims") and (ii) all U.S. federal, state, local and non-U.S. income Taxes, sales Taxes, excise Taxes and all other Taxes and assessments of the Relevant Parties on their businesses, income, profits, franchises or assets, in each instance before any penalty or fine is incurred with respect thereto; provided that, without limiting the Sponsor's obligations under the Cash Diversion Guaranty, the foregoing shall not be deemed to require that a Subsidiary pay any such Tax or other liability that is imposed on a Customer or that such Customer is contractually obligated to pay, and the term "Claims" shall be construed accordingly.

(b) The Borrower shall not be required to pay, discharge or remove any Claim relating to any Project that it is otherwise obligated to pay, discharge or remove so long as the Borrower contests (or causes to be contested) in good faith such Claim or the validity, applicability or amount thereof by an appropriate legal proceeding which operates to prevent the collection of such amounts and the sale of the applicable Project, so long as no Event of Default shall have

occurred and be continuing and the Borrower has provided the Administrative Agent with security or cash reserves in an amount sufficient to pay, discharge or remove such Claim.

Section 6.13 Maintenance of Insurance.

(a) Until the Debt Termination Date, the Borrower shall cause to be procured and maintained by the applicable Operator or Manager pursuant to the applicable Tax Equity Documents, and provide the Administrative Agent with acceptable evidence (in form and substance reasonably satisfactory to the Administrative Agent (in consultation with the Insurance Consultant) of the existence of, the types and amounts of insurance required to be maintained pursuant to the applicable Tax Equity Documents as such requirements are in effect as of the date hereof, with such changes as the Administrative Agent may reasonably approve in consultation with the Insurance Consultant (including, without limitation, if insurance required as of the date hereof is no longer commercially available) (collectively, the “Insurance Policies”).

(b) With respect to all property insurance (including any excess or difference in conditions policies, if applicable) required pursuant to Section 6.13(a):

(i) The Borrower, the Relevant Parties and each of their members shall be included as either the “named insured” or an additional “named insured”.

(ii) The Borrower hereby waives, and shall cause the Relevant Parties and each of their members to waive, any rights of subrogation against the Secured Parties and shall cause any such property Insurance Policies to include or be endorsed to include a waiver of subrogation in favor of the Secured Parties.

(iii) The Secured Parties shall be included as additional “named” insureds on all such Insurance Policies insuring Wholly Owned Opcos.

(iv) The Collateral Agent for the benefit of the Secured Parties shall be named as the “sole” loss payee on all such Insurance Policies insuring Wholly Owned Opcos pursuant to a lender loss payable endorsement acceptable to the Collateral Agent.

(v) To the extent commercially available, such Insurance Policies shall be endorsed to provide at least thirty (30) days’ prior written notice (or ten (10) days’ prior notice if such cancellation is due to failure to pay premiums) of cancellation to the Administrative Agent. If such endorsement for notice of cancellation shall not be commercially available, the Borrower shall be obligated to provide the required written notice of cancellation to the Administrative Agent.

(c) With respect to all liability insurance required pursuant to Section 6.13(a):

(i) To the extent commercially available, such Insurance Policies shall be endorsed to provide at least thirty (30) days’ prior written notice (or ten (10) days’ prior notice if such cancellation is due to failure to pay premiums) of cancellation to the Administrative Agent. If such endorsement for notice of cancellation shall not be

commercially available, the Borrower shall be obligated to provide the required written notice of cancellation to the Administrative Agent.

(ii) Such Insurance Policies shall include the Borrower, the Relevant Parties and each of their members as an additional “named insured”.

(iii) Such Insurance Policies shall include an endorsement to the policy naming (or providing via blanket endorsements as required by written contract) the Administrative Agent, and the Lenders, and their respective permitted successors, assigns, members, directors, officers, employees, lenders, investors, representatives and Administrative Agents as additional insureds on a primary and non-contributory basis.

(iv) The Borrower hereby waives, and shall cause the Relevant Parties and each of their members to waive, any rights of subrogation against the Secured Parties and shall cause any such liability Insurance Policies to include or be endorsed to include a similar waiver of subrogation in favor of the Secured Parties.

(v) Such Insurance Policies shall include a severability of interest or separation of insureds clause with no material exclusions for cross-liability clause (to the extent commercially available).

(d) The Borrower and/or the other Relevant Parties shall be responsible for covering or causing to be covered the costs of all insurance premiums and deductibles associated with the Insurance Policies.

(e) The Borrower and/or the Relevant Parties shall be obligated to provide written notice of material changes in the Insurance Policies to the Administrative Agent unless such notice is otherwise provided by endorsement of the required Insurance Policies. [***].

(f) Prior to the Closing Date and once each calendar year thereafter in conjunction with the renewal or replacement of the Insurance Policies, the Borrower and Relevant Parties shall provide detailed evidence of insurance (in a form reasonably acceptable to the Administrative Agent, in consultation with the Insurance Consultant) including certificates of insurance and copies of applicable insurance binders and policies (if requested), as well as a statement from the Borrower and/or its authorized insurance representative confirming that such insurance is in compliance with the terms and conditions of this Section 6.13, is in full force and effect and all premiums then due have been paid or are not in arrears.

(g) No provision of this Agreement shall impose on the Administrative Agent or any other Secured Party any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by or on behalf of the Borrower, the Relevant Parties or their members, nor shall the Administrative Agent or any other Secured Party be responsible for any representations or warranties made by or on behalf of the Borrower, the Relevant Parties, their members or any other Person to any insurance agent or broker, insurance company or underwriter.

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(i) No later than sixty (60) days after the “Completion Deadline” or the “Second Installment Payment Deadline” (as applicable pursuant to such Tax Equity Limited Liability Company Agreement for the related Opco), the Borrower shall (A) cause a nationally recognized insurance or other applicable expert to perform a probable maximum loss analysis (or analyses) satisfying the standard described above with respect to the Projects owned by such Opco and (B) deliver a copy thereof to the Administrative Agent;

(ii) For Tax Equity Funds for which such probable maximum loss analysis required in connection with such “Completion Deadline” or such “Second Installment Payment Deadline” as applicable has been performed on or prior to the date hereof, the applicable Insurance Policies listed on Schedule 5.14 as of the date hereof will include coverage satisfying the standard described above; and

(iii) For Tax Equity Funds for which such probable maximum loss analysis has not been performed on or prior to the date hereof, after such analysis is delivered pursuant to clause (i) above, the Administrative Agent, the Borrower and each of the applicable Relevant Parties shall review such probable maximum loss analysis (or analyses) and, the Borrower and the applicable Relevant Parties shall make appropriate adjustments (in consultation with, and with the prior written approval of, the Administrative Agent (in consultation with the Insurance Consultant)) to the types and amounts of insurance they maintain so as to satisfy the standard described above.

(i) If at any time the Borrower determines in its reasonable judgment that any insurance (including the limits or deductibles thereof) required to be maintained by this Section 6.13 is not available on commercially reasonable terms due to prevailing conditions in the commercial insurance market at such time, then upon the written request of the Borrower together with a written report of the Borrower’s insurance broker or another independent insurance broker of nationally-recognized standing in the insurance industry (i) certifying that such insurance is not available on commercially reasonable terms (and, in any case where the required maximum coverage is not reasonably available, certifying as to the maximum amount which is so available), (ii) explaining in detail the basis for such broker’s conclusions (including but limited to the cost of obtaining the required coverage(s) as well as the proposed alternative coverage(s)), and (iii) containing such other information as the Administrative Agent (in consultation with the Insurance Consultant) may reasonably request, the Administrative Agent may (after consultation with the Insurance Consultant) temporarily waive such requirement and only to the extent that the Borrower can demonstrate that such temporary waiver will not cause the Borrower or the Relevant Parties to be out of compliance with the applicable Tax Equity Documents or that a similar waiver has been obtained under such Tax Equity Documents; provided, however, that the Administrative Agent, may in its reasonable judgment, decline to waive any such insurance requirement(s). At any time after the granting of any temporary waiver pursuant to this Section 6.13 but not more than once in any year, the Administrative Agent may request, and the Borrower shall furnish to the Administrative Agent within thirty (30) days after such request, an updated insurance report reasonably acceptable to the Administrative Agent (in consultation with the Insurance Consultant) from the Sponsor’s independent insurance broker. Any waiver granted pursuant to this Section 6.13 shall expire, without

further action by any party, immediately upon (A) such waived insurance requirement becoming available on commercially reasonable terms, as reasonably determined by the Administrative Agent, (in consultation with the Insurance Consultant) or (B) failure of the Borrower to deliver an updated insurance report pursuant to clause (ii) above.

Section 6.14 Inspection.

(a) The Borrower agrees that, with reasonable prior notice, it will permit, and cause each Subsidiary to permit, any representatives and consultants of the Lender Parties, during the applicable Relevant Party's normal business hours, to examine on-site all the books of account, records, reports and other papers of the Relevant Parties, to make copies and extracts therefrom, and the Borrower further agrees to discuss their affairs, finances and accounts with the officers, employees, Independent certified public accountants and other consultants of such Lender Parties, all at such reasonable times and at the Borrower's expense; provided that except during the continuation of an Event of Default, such examinations may occur no more frequently than two times per calendar year. The Borrower shall promptly deliver copies of any Portfolio Documents as may be requested by Administrative Agent from time to time.

(b) The Borrower will permit, and shall cause each Subsidiary to permit, the Administrative Agent to conduct, in each case, at the sole cost and expense of the Borrower, field audits and examinations of the Projects, and appraisals of the Projects; provided, that, (i) such field audits and examinations and appraisals may be conducted not more than once per any twelve-month period (except, during the existence and continuance of an Event of Default, there shall be no limit on the number of additional field audits and examinations and appraisals that shall be permitted at the Borrowers' expense) and (ii) except during the continuance of an Event of Default, the Administrative Agent shall consult with the Borrower regarding the costs and expenses of such field audits and examinations and appraisals.

Section 6.15 Cooperation. The Borrower shall, and shall cause its Subsidiaries to, cooperate and provide reasonable information and other assistance in connection with any proposed assignment or participation of a Loan permitted by Section 12.05(b).

Section 6.16 Collateral Accounts; Collections.

(a) The Borrower shall maintain, and shall cause its Subsidiaries to maintain, in full force and effect each of the Collateral Accounts in accordance with the terms of the Loan Documents.

(b) The Borrower shall, and shall cause each Relevant Party to, ensure that at all times each counterparty to a Project Document is directed to pay all Rents, PBI Payments or other payments due to a Relevant Party under such Project Document in accordance with the terms of the Loan Documents.

(c) The Borrower shall, and shall cause each Loan Party to, remit any amounts received by it or received by third parties (other than pursuant to the terms of the Loan Documents)

on its behalf to the appropriate Collateral Account for deposit in accordance with the terms of the Loan Documents.

Section 6.17 Performance of Agreements. The Borrower shall, and shall cause the Subsidiaries to, duly and punctually perform, observe and comply in all material respects with all of the terms, provisions, conditions, covenants and agreements on its part to be performed, observed and complied with hereunder and under the other Loan Documents to which it is a party. The Borrower shall, and shall cause the Subsidiaries to, prudently exercise and enforce their rights, authorities and discretions under the Portfolio Documents to which they are a party.

Section 6.18 Customer Agreements and PBI Documents.

(a) Each Customer Agreement entered into following the Closing Date shall (i) be an Eligible Customer Agreement and (ii) meet all applicable consumer protection regulatory requirements.

(b) The Borrower shall ensure that the Sponsor assigns to the applicable Opco all rights to receive the PBI Payments and the related PBI Documents in respect of each Eligible Project.

(c) Each Customer Agreement shall require the applicable Customer to maintain homeowner's insurance for all damage to the property on which the related Project is installed.

Section 6.19 Management Agreement. The Borrower shall, and shall cause the Manager and each Relevant Party to, (i) perform and observe all of the material terms, covenants and conditions of the Management Agreement on the part of Manager and such Relevant Party to be performed and observed and (ii) promptly notify the Administrative Agent of any notice to Borrower of any material default under the Management Agreement. If the Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement to be performed or observed by it, then, without limiting the Administrative Agent's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Manager or any Relevant Party from any of its obligations under the Loan Documents or the Borrower under the Management Agreement, the Borrower grants the Administrative Agent on its behalf the right, upon prior written notice to the Borrower, to pay any sums and to perform any act as may be reasonably appropriate to cause such material conditions of the Management Agreement on the part of the Borrower to be performed or observed; provided, however, that the Administrative Agent will not be under any obligation to pay such sums or perform such acts.

Section 6.20 Use of Proceeds. The Borrower shall apply the proceeds of the Loans exclusively as permitted pursuant to Section 2.01 and Section 2.02.

Section 6.21 Project Expenditures. The Borrower shall, and shall cause the Relevant Parties, Manager and Operators to, operate and maintain the Projects pursuant to the then-current Operating Budget, the O&M Agreements, the Portfolio Documents, all other agreements with respect to the Project (including any provisions of any manufacturer, installer or other warranties), Prudent Industry Practices and applicable Law.

Section 6.22 Tax Equity Opco Matters. Any capital contribution or loan required to be made by any Tax Equity Holdco to any Tax Equity Opco pursuant to the applicable Tax Equity Opco Limited Liability Company Agreement or any other Tax Equity Document shall be made solely from the proceeds of Excluded Property or a contribution from the Sponsor or Pledgor (it being understood that repayments on any such loan shall not be Excluded Property and shall be paid directly into the Revenue Account by the applicable Tax Equity Holdco).

(a) The Borrower shall, and shall cause each Tax Equity Holdco to, enforce their rights under the Tax Equity Documents to ensure that each Relevant Party shall make and apply the maximum distributions to the managing members in accordance with the Tax Equity Documents and, without limitation, shall not agree to the maintenance of any cash reserve within any Opco without the consent of the Administrative Agent (acting on the instructions of the Required Lenders).

Section 6.23 Recapture. Each Relevant Party will take all reasonable actions to avoid (i) any liability to repay any portion of any payment it received with respect to a Project from the U.S. Treasury under section 1603 of the American Recovery and Reinvestment Act of 2009, as amended, or (ii) any disallowance or recapture of all or part of any tax credit under section 48 of the Code with respect to a Project.

Section 6.24 Termination of Servicer.

(a) In the event that a Servicer Termination Event occurs, the Administrative Agent (acting on the instructions of the Required Lenders) may, in its sole discretion, deliver notice to the Operator under the applicable Wholly Owned Opco O&M Agreement and to the Back-Up Servicer under the applicable Wholly Owned Opco Back-Up Servicing Agreement or the Transition Manager under the applicable Wholly Owned Opco Transition Management Agreement, as applicable, terminating the appointment of such Operator and triggering the transition to the Back-Up Servicer or Transition Manager, as applicable, as successor Operator under the applicable Wholly Owned Opco O&M Agreement. The Borrower shall, and shall cause each Subsidiary to, immediately take all such action necessary (including the delivery of notice) to terminate the Operator and transition to the Back-Up Servicer or Transition Manager, as applicable.

(b) Subject to Section 6.24(c), in the event that a Tax Equity Opco or a Tax Equity Holdco has the right to terminate a Tax Equity Opco O&M Agreement or the Operator pursuant to the terms of such Tax Equity Opco O&M Agreement, the Administrative Agent (acting on the instructions of the Required Lenders) may, in its sole discretion, deliver notice to the Borrower requiring it to cause the applicable Tax Equity Opco or Tax Equity Holdco to terminate the appointment of the Operator and trigger the transition to the Back-Up Servicer or Transition Manager, as applicable, as successor Operator under such Tax Equity Opco O&M Agreement. The Borrower shall, and shall cause the applicable Tax Equity Opco or Tax Equity Holdco to, immediately take all such action necessary (including the delivery of notice) to terminate the Operator and transition to the Back-Up Servicer or Transition Manager, as applicable.

(c) The exercise of the rights in Section 6.24(b) are subject to all rights of the applicable Tax Equity Class A Member (including its right to give or withhold any required consent in accordance with any applicable Tax Equity Document); provided that the Borrower shall use its

good faith, commercially reasonable efforts to cause the Tax Equity Class A Member to consent to or otherwise approve such actions.

Section 6.25 Availability Period Termination Date Base Case Model. The Borrower shall, no later than ten (10) Business Days following each Calculation Date up to and including the Calculation Date occurring on or prior to the last day of the Availability Period and no later than ten (10) Business Days following the last day of the Availability Period, deliver to the Administrative Agent an updated Base Case Model and an Available Borrowing Base Certificate in each case, calculated as of the preceding Calculation Date and as of the last day of the Availability Period, respectively.

Section 6.26 Designation of Certain Eligible Projects as Non-Eligible Projects. If, as of any Available Borrowing Base Determination Date during the Availability Period, the average FICO® Score of all Customers with respect to all Eligible Projects is less than [***], the Borrower shall designate Projects that would otherwise constitute Eligible Projects as non-Eligible Projects (with such designation being made with respect to Eligible Projects with Customers having the lowest FICO® Scores) until the average FICO® Score of the Customers of the remaining Eligible Projects is at least [***]. For purposes of calculating the Available Borrowing Base as of such Available Borrowing Base Determination Date, such designated Projects shall not be Eligible Projects hereunder. For the avoidance of doubt, the designation pursuant to this paragraph shall be made as of each Available Borrowing Base Determination Date and shall remain in effect only until the next succeeding Available Borrowing Base Determination Date, in each case only during the Availability Period.

Section 6.27 Post-Closing Covenants. Within forty-five (45) days following the last day of the Availability Period, the Borrower shall deliver to the Administrative Agent each Customer Agreement relating to Eligible Projects in the Project Pool that was not previously delivered to the Administrative Agent pursuant to Section 9.01(a)(xi) or 9.02(b)(iii).

Section 6.28 Tax Partnership Election.

(a) The Borrower shall cause each Tax Equity Opco not to make any election under Section 1101(g)(4) of the Budget Act or any subsequent law or guidance to have the provisions of Section 1101 of the Budget Act apply to such Tax Equity Opco prior to the effective date of Section 1101 of the Budget Act.

(b) With respect to any Tax Equity Limited Liability Company Agreement of a Tax Equity Opco that contains an Acceptable Audit Election Provision, in the event such Tax Equity Opco receives a notice of final partnership administrative adjustment that would, with the passing of time, result in an “imputed underpayment” imposed on such Tax Equity Opco as that term is defined in Code Section 6225, the Borrower shall, or shall cause such Tax Equity Opco, within thirty (30) days after the date of such notice to (x) timely elect pursuant to Code Section 6226 (as amended by the Budget Act) to make inapplicable to such Tax Equity Opco the requirement in Code Section 6225 (as amended by the Budget Act) to pay the “imputed underpayment” as that term is used in that section, (y) comply with all of the requirements and procedures required in connection with such election, and (z) provide evidence of such election to the Administrative Agent.

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ARTICLE VII
NEGATIVE COVENANTS

Section 7.01 Indebtedness. The Borrower shall not, and shall not permit the Subsidiaries to, create, incur, assume, guarantee, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness except for the following (collectively, "Permitted Indebtedness"):

(a) the Obligations (including the Secured Hedging Obligations);

(b) unsecured trade payables which are not evidenced by a note or are otherwise indebtedness for borrowed money and which arise out of purchases of goods or services in the ordinary course of business; provided, however, (1) such trade payables are payable not later than 90 days after the original invoice date and are not overdue by more than 30 days and (2) the aggregate amount of such trade payables outstanding does not, at any time, exceed \$1,000,000 in the aggregate for the Borrower and the Subsidiaries;

(c) loans made by a Tax Equity Holdco to the applicable Tax Equity Opco solely to the extent made with the proceeds of Excluded Property or a contribution from the Sponsor in accordance with Section 6.22(a);

(d) to the extent constituting Indebtedness, obligations or liabilities arising under any Excluded REC Contract or any guarantee in respect thereof, other than any obligation or liability constituting indebtedness for borrowed money; or

(e) obligations under Interest Rate Hedging Agreements permitted in accordance with Section 6.11.

In no event shall any Indebtedness other than the Obligations be secured, in whole or in part, by the Collateral or other Assets or any portion thereof or interest therein and any proceeds of any of the foregoing.

Section 7.02 No Liens. The Borrower shall not, and shall not permit the Subsidiaries to, create, incur, assume or permit to exist any Lien on any asset now owned or hereafter acquired by it except Permitted Liens.

Section 7.03 Restriction on Fundamental Changes. Unless otherwise expressly permitted by this Agreement, the Borrower shall not, and shall not permit the Subsidiaries to, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders), (a) merge or consolidate with another Person, (b) sell, assign, transfer or dispose of any part of the Collateral other than (i) sales, assignments, transfers or dispositions of obsolete, worn-out or replaced property or assets not used or useful in its business, (ii) sales of Projects to Customers pursuant to the express terms of the Customer Agreements, (iii) Permitted Fund Dispositions, (iv) sales of RECs in accordance with Section 7.13, and (v) sales, transfers and other dispositions of Capacity Attributes and Ancillary Services in accordance with Section 7.09(c), (c) liquidate, wind-up or dissolve any Subsidiary or (d) withdraw or resign from any Subsidiary (including in the capacity as managing member).

Section 7.04 Bankruptcy, Receivers, Similar Matters. The Borrower shall not, and shall not permit any Subsidiary to, apply for, consent to, or aid, solicit, support, or otherwise act, cooperate or collude to cause the appointment of or taking possession by, a receiver, trustee or other custodian for all or a substantial part of the Assets of any Relevant Party. The Borrower shall not, and shall not permit any Subsidiary to, file a petition for, consent to the filing of a petition for, or aid, solicit, support, or otherwise act, cooperate or collude to cause the filing of a petition for an Involuntary Bankruptcy. In any Involuntary Bankruptcy of any Relevant Party, the Borrower shall not, and shall not permit any Subsidiary to, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders), consent to the entry of any order, file any motion, or support any motion (irrespective of the subject of the motion), and the Borrower shall not, and shall not permit any Subsidiary to file or support any plan of reorganization. In any Involuntary Bankruptcy of a Relevant Party, the Borrower shall, and shall cause the Subsidiaries to, do all things reasonably requested by the Administrative Agent (acting on the instructions of the Required Lenders) to assist the Administrative Agent in obtaining such relief as the Administrative Agent shall seek, and shall in all events vote as directed by the Administrative Agent (acting on the instructions of the Required Lenders). Without limitation of the foregoing, the Borrower shall, and shall cause the Subsidiaries to, do all things reasonably requested by the Administrative Agent (acting on the instructions of the Required Lenders) to support any motion for relief from stay or plan of reorganization proposed or supported by the Administrative Agent (acting on the instructions of the Required Lenders).

Section 7.05 ERISA.

(a) No ERISA Plans. The Borrower shall not establish any Employee Benefit Plan, Multiemployer Plan or Plan, or commence making contributions to (or become obligated to make contributions to) any Employee Benefit Plan, Multiemployer Plan or Plan.

(b) Compliance with ERISA. The Borrower shall not, and shall not permit any Subsidiary to engage in any non-exempt prohibited transaction under section 406 of ERISA or section 4975 of the Code; provided that if the Borrower is in default of this covenant under subsection (i), the Borrower shall be deemed not to be in default if such default results solely because (x) any portion of the Loans have been, or will be, funded with plan assets of any Plan and (y) the purchase or holding of such portion of the Loans by such Plan constitutes a non-exempt prohibited transaction under section 406 of ERISA or section 4975 of the Code or a violation of applicable Similar Law.

(c) The Borrower shall not, and shall not permit the Subsidiaries to, hire or maintain any employees.

Section 7.06 Restricted Payments. The Borrower shall not, and shall not permit any Subsidiary to make, directly or indirectly, any Restricted Payment other than:

(a) distributions by the Tax Equity Opcos to their members in accordance with the terms of the respective Limited Liability Company Agreements;

(b) distributions by the Relevant Parties to the Borrower;

(c) distributions from the Borrower to the extent permitted under the Depository Agreement;

(d) the Borrower and Subsidiaries may distribute to their members any and all proceeds of Excluded Property; provided that distributions of any amounts received by any Loan Party in respect of the sale, transfer or other disposition of Capacity Attributes and Ancillary Services are only permitted prior to the commencement by the Collateral Agent of dispossessory remedies with respect to any Loan Party pursuant to the Collateral Documents;

(e) [Reserved]; and

(f) distributions of Loan proceeds in accordance with the express provisions of Article II.

The Borrower shall not (i) redeem, purchase, retire or otherwise acquire for value any of its ownership or equity interests or securities or (ii) set aside or otherwise segregate any amounts for any such purpose. The Borrower shall not, directly or indirectly, make payments to or distributions from the Collateral Accounts except in accordance with the Depository Agreement. The Borrower shall ensure that no Tax Equity Holdco exercises any right of offset or set-off against its right to distributions from a Tax Equity Opco.

Section 7.07 Limitation on Investments. The Borrower shall not, and shall not permit any Subsidiary to, after the date hereof, form, or cause to be formed, any subsidiaries, make or suffer to exist any loans or advances to, or extend any credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise (other than pursuant to a Loan Document)), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of any other Person (except by the endorsement of checks in the ordinary course of business), or, except as expressly permitted under any Loan Document, make any investments (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person.

Section 7.08 Sanctions and Anti-Corruption. The Borrower shall not, and shall not permit any Relevant Party or other Affiliate to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person, (b) contribute or otherwise make available all or any part of the proceeds of the Loans, directly or indirectly, to, or for the benefit of, any Person (whether or not an Affiliate of the Borrower) for the purpose of financing the activities or business of, other transactions with, or investments in, any Blocked Person or in violation of any Anti-Corruption Laws or Sanctions, (c) directly or indirectly fund all or part of any repayment or prepayment of the Loans out of proceeds derived from any transaction with or action involving a Blocked Person or in violation of Anti-Corruption Laws or Sanctions or (d) engage in any transaction, activity or conduct that would violate Sanctions or Anti-Corruption Laws or Sanctions, that would cause any Secured Party to be in breach of any Sanctions or that could reasonably be expected to result in it or its Affiliates or any Secured Party being designated as a Blocked Person.

Section 7.09 No Other Business; Leases.

(a) The Borrower shall not, and shall not permit any Subsidiary to: (i) engage in any business other than the acquisition, ownership, leasing, construction, financing, operation and maintenance of the Projects in accordance with and as contemplated by the Transaction Documents and other activities incidental thereto, which business shall be deemed to include (A) the sale of RECs under REC Contracts (to the extent permitted under Section 7.13) and (B) the sale, transfer or other disposition of Capacity Attributes and Ancillary Services (to the extent permitted under Section 7.09(c)), or (ii) change its name without the consent of the Administrative Agent.

(b) The Borrower shall not, and shall not permit any Subsidiary to, enter into any agreement or arrangement to lease the use of any Asset or Project of any kind (including by sale-leaseback, operating leases, capital leases or otherwise), except pursuant to the terms of the Eligible Customer Agreements.

(c) Each Opco may sell, transfer or otherwise dispose of Capacity Attributes and Ancillary Services generated by or otherwise associated with any Project pursuant to an Excluded Ancillary/Capacity Contract.

Section 7.10 Portfolio Documents.

(a) The Borrower shall not, and shall not permit any Subsidiary to, (i) amend, modify or terminate any Portfolio Document, or waive any material breach under, or material breach of, any Portfolio Document, to the extent that any such amendment, modification, termination or waiver could reasonably be expected to have a Material Adverse Effect or (ii) materially modify any periodic reporting requirement under the Management Agreement, in the case of each of clauses (i) and (ii), without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders); provided, that, for the avoidance of doubt, the Subsidiaries shall be permitted to enter into an agreement to amend or modify (x) the electricity or lease rate, annual escalator or term of any Exempt Customer Agreement only (such agreement, a "Payment Facilitation Agreement"), so long as such amendment or modification is (A) permitted under the applicable Tax Equity Documents and (B) made in good faith for a commercially reasonable purpose and is intended to maximize the long-term economic value of the Customer Agreement as against its value if the Payment Facilitation Agreement had not been entered into (as reasonably determined by the Sponsor in good faith and in light of the facts and circumstances known at the time of such amendment or modification), and (y) a Master Turnkey Installation Agreement to the extent that such amendment or modification could not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower shall not, and shall not permit any Subsidiary to, enter into any new agreement or contract, other than the Transaction Documents, REC Contracts pursuant to Section 7.13, or any other contract or agreement incidental or necessary to the operation of its business that do not allocate material risk to any Relevant Party and have a term of less than one year or that has a value over its term not exceeding \$100,000, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders).

(c) The Borrower shall not, and shall not permit any Subsidiary to, assign, novate or otherwise transfer or consent to an assignment, novation or any other transfer of a Project Document other than (i) pursuant to the Collateral Documents, (ii) transfers of an interest in an Opco or Tax Equity Holdco pursuant to a Permitted Fund Disposition or permitted in accordance with clause (d) below and Section 6.08(g) and (iii) assignments of a Customer Agreement to a replacement Customer in accordance with the terms of the Customer Agreement and applicable Law (including consumer leasing and protection Law).

(d) No Tax Equity Holdco shall exercise any option to purchase the outstanding “class A” membership interests of a Tax Equity Opco or any membership interests held by a Tax Equity Class A Member in such Tax Equity Opco without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders); provided that, upon obtaining such consent and notwithstanding anything to the contrary in this Agreement, the Sponsor may make a capital contribution to the applicable Tax Equity Holdco for the purchase of such membership interests.

Section 7.11 Taxes. The Borrower shall not, and shall not permit any Relevant Party to, take any action or position that would result in a Project being determined to have been Placed in Service prior to the date it was sold to the relevant Relevant Party. The Borrower shall not, and shall not permit any Subsidiary to, claim a tax credit under section 48 of the Code for any Project with respect to which a Relevant Party has received a Grant. The Borrower shall not, and shall not permit any Relevant Party to, cause or permit any property that is part of a Project to be subject to the alternative depreciation system under section 168(g) of the Code.

Section 7.12 Expenditures; Collateral Accounts; Structural Changes.

(a) The Borrower shall not, and shall not permit any Subsidiary to, incur Operating Expenses or otherwise pay the Manager, Operator, Transition Manager and Back-Up Servicer in the aggregate amounts in excess of the greater of:

(i) the budgeted amounts shown for Operating Expenses in the applicable Operating Budget for such year; and

(ii) 20% in the aggregate over the amount budgeted for Operating Expenses in the then-current Base Case Model for the applicable year;

without the prior written consent of the Administrative Agent (acting in consultation with the Independent Engineer and provided that such consent in respect of the Tax Equity Opcos not to be unreasonably withheld or delayed), provided, even if the thresholds set forth in clauses (i) and (ii) of this Section 7.12(a) are exceeded, the Administrative Agent’s consent shall also be deemed to be given if the Operating Expenses in respect of Non-Covered Services incurred on a per kW DC basis in respect of the Projects owned by the applicable Opcos are not more than \$15 per kW DC in the aggregate over the amount budgeted for such Operating Expense in respect of such Projects owned by the applicable Opcos in the then-current Base Case Model for the applicable year.

(b) The Borrower shall not, and shall not permit any Subsidiary to, acquire or own any material asset other than the Projects, Portfolio Documents, RECs, REC Contracts pursuant to Section 7.13, the Membership Interests and the proceeds thereof.

(c) The Borrower shall not maintain, or permit any Subsidiary to maintain, any bank accounts other than (A) the Collateral Accounts maintained by the Borrower, (B) the bank accounts of each Tax Equity Opco maintained pursuant to the Tax Equity Account Agreements and (C) the Wholly Owned Opco Deposit Accounts maintained by the Wholly Owned Opco.

(d) Other than pursuant to clause (a) of Section 7.10, the Borrower shall not, and shall not permit any Subsidiary to, materially amend, modify or waive, or permit any material amendment, modification or waiver of (i) its organizational documents (except (A) for non-substantive or immaterial changes to organizational documents other than a Limited Liability Company Agreement which, for the avoidance of doubt, shall not include any amendments that relate to corporate powers, corporate separateness or single-purpose entity provisions set forth herein or therein or (B) as may be required by applicable Law, provided, that, any such change required by applicable Law shall be made only with prior notice to and consultation with the Administrative Agent), (ii) its legal form or its capital structure (including the issuance of any options, warrants or other rights with respect thereto) or (iii) change its fiscal year, in each case without the consent of the Administrative Agent.

(e) The Borrower shall not use any proceeds of any Loan except as permitted by applicable Law and for the purposes permitted in Section 2.01 or Section 2.02.

Section 7.13 REC Contracts. Without limiting Section 7.10(b), the Borrower shall not, and shall not permit any Subsidiary to, enter into any REC Contracts other than Excluded REC Contracts.

Section 7.14 Speculative Transactions. The Borrower shall not, and shall cause each Subsidiary not to, engage in any Swap Agreement other than (a) the Excluded REC Contracts, (b) the Interest Rate Hedging Agreements and (c) sales, transfers and other dispositions of Capacity Attributes and Ancillary Services in accordance with Section 7.09(c).

Section 7.15 Voting on Major Decisions. Except as expressly permitted pursuant to Section 7.10, the Borrower shall ensure that no Loan Party exercises its rights, authorities and discretions under any Tax Equity Document to consent to, approve, ratify, vote in favor of, or submit to the Tax Equity Class A Member for such consent, approval, ratification or vote, any matter which requires approval as a Major Decision, other than with the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders); provided, that, the Borrower shall not be restricted from communicating with any Tax Equity Class A Member in the ordinary course so long as such communications do not cause a Major Decision to be made without the Administrative Agent's consent.

Section 7.16 Transactions with Affiliates. The Borrower shall not, and shall ensure each Subsidiary shall not, make or cause any payment to, or sell, lease, transfer or otherwise dispose of any of its Assets to, or purchase any Assets from, or enter into or make, replace, terminate or amend

any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, the Sponsor or its Affiliates or any of the Affiliates of the Borrower and each of their respective members and principals (each, an "Affiliate Transaction"), unless the Affiliate Transaction is upon terms and conditions that are intrinsically fair, commercially reasonable and on terms no less favorable to such Relevant Party than those that would be available on an arms-length basis with an unrelated Person (other than (i) Restricted Payments permitted to be made under Section 7.06, (ii) the Transaction Documents in existence as at the Closing Date or (iii) transactions that are permitted pursuant to Section 7.03).

Section 7.17 Limitation on Restricted Payments. Without limiting Section 7.10, the Borrower shall not, and shall ensure each Subsidiary shall not, enter into any agreement, instrument or other undertaking that (i) restricts the ability of any Subsidiary to make a Restricted Payment (including pursuant to any reallocation of distribution percentages) or (ii) restricts or limits the ability of any Loan Party to create, incur, assume or suffer to exist Liens on the property of such Person for the benefit of the Secured Parties with respect to the Obligations, except to the extent set out in the Tax Equity Documents.

Section 7.18 Battery Storage Systems. The Borrower shall not permit the Opcos to own Projects that include battery storage to the extent the number of such Projects would exceed [***] of the Project Pool.

ARTICLE VIII SEPARATENESS

Section 8.01 Separateness. The Borrower acknowledges that each Agent and the Lender Parties are entering into this Agreement in reliance upon each Relevant Party's identity as a legal entity that is separate from any other Person. Therefore, from and after the Closing Date, the Borrower shall take all reasonable steps to maintain each Relevant Party's identity as a separate legal entity from each other Person and to make it manifest to third parties that the Relevant Parties are separate legal entities. Without limiting the generality of the foregoing, the Borrower agrees that it shall not, and shall not permit any Subsidiary to:

- (a) fail to hold all of its assets in its own name;
- (b) except for payments made to a General Account governed by the terms of the Management Agreement, commingle its assets with the assets of any of its members, Affiliates, principals or any other Person;
- (c) fail to maintain books, records and agreements as official records and separate from those of the members, principals and Affiliates or any other Person;
- (d) fail to maintain its bank accounts separate from the members, principals and Affiliates of any other Person;
- (e) other than the Transaction Documents and as otherwise expressly permitted by Section 7.16, enter into any Affiliate Transaction;

(f) fail to maintain separate Financial Statements from those of its general partners, members, principals, Affiliates or any other Person; provided, however, that the Relevant Parties' financial position, assets, liabilities, net worth and operating results may be included in the consolidated Financial Statements of the Sponsor, provided that (i) appropriate notation shall be made on such consolidated Financial Statements to indicate the separateness of each Relevant Party and the Sponsor, to indicate that the Sponsor and each Relevant Party maintain separate books and records and to indicate that none of the Relevant Parties' Assets and credit are available to satisfy the debts and other obligations of the Sponsor or any other Person and (ii) such Assets and liabilities shall be listed on each Relevant Party's own separate balance sheet;

(g) fail to promptly correct any known or suspected misunderstanding regarding its separate identity;

(h) maintain its Assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(i) guarantee or become obligated, or hold itself as responsible, for the debts of any other Person, except under any Holdco Guaranty and Security Agreement or any Wholly Owned Opco Guaranty and Security Agreement;

(j) hold out its credit as being available to satisfy the obligations of any other Person, except under any Holdco Guaranty and Security Agreement or any Wholly Owned Opco Guaranty and Security Agreement;

(k) make any loans or advances to any third party, including any member, principal or Affiliate of the Borrower, or any member, principal or Affiliate thereof, except as expressly permitted by the Loan Documents;

(l) pledge its assets for the benefit of any other Person, except as expressly permitted under the Loan Documents;

(m) identify itself or hold itself out as a division of any other Person or conduct any business in another name;

(n) fail to maintain adequate capital in light of its current and contemplated business operations;

(o) fail to act solely in its own limited liability company name and not of any other Person, any of its officers or any of their respective Affiliates, and at all times using its own stationery, invoices and checks separate from those of any other Person, any of its officers or any of their respective Affiliates;

(p) acquire obligations or securities of its members, shareholders of other Affiliates, as applicable;

(q) take any action that knowingly shall cause any Relevant Party to become insolvent;

(r) fail to keep minutes of the actions of the member of any Relevant Party and observe all limited liability company and other organizational formalities;

(s) fail to cause its members, managers, directors, officers, agents and other representatives to act at all times with respect to each Relevant Party consistently and in furtherance of the foregoing and in the best interests of each Relevant Party;

(t) fail to pay its own liabilities and expenses (including, as applicable, shared personnel and overhead expenses) only out of its own funds, except as otherwise expressly provided by the Loan Documents in respect of the Wholly Owned Opcos; or

(u) fail at any time to have an independent director of the Borrower (as defined in the applicable limited liability company agreement of the Borrower).

ARTICLE IX CONDITIONS PRECEDENT

Section 9.01 Conditions of Closing and Initial Loans. The obligation of each Lender to make Delayed Draw Loans and the obligation of the LC Issuer to issue the Letter of Credit on the Closing Date hereunder is subject to satisfaction of the following conditions precedent each in form and substance reasonably satisfactory to the Administrative Agent (acting on the instructions of all Lenders and the LC Issuer):

(a) The Administrative Agent's receipt of the following, each of which shall be originals or executed electronic copies (followed promptly by originals) unless otherwise specified, each properly executed by an Authorized Officer of the Borrower, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date):

(i) a Borrowing Notice in accordance with the requirements of Section 2.01;

(ii) a Notice of LC Activity in accordance with the requirements of Section 2.02 together with (if requested by the LC Issuer) a completed LC Application duly executed by the Borrower for the benefit of the Administrative Agent and submitted to the LC Issuer (together with such other LC Documents applicable thereto) with a copy to the Administrative Agent;

(iii) executed counterparts of this Agreement, together with all Exhibits and Schedules thereto, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrower;

(iv) the Cash Diversion Guaranty;

(v) the Collateral Agency Agreement;

(vi) the Depository Agreement;

- (vii) a Note executed by the Borrower in favor of each Lender requesting a Note;
- (viii) the Management Consent Agreement;
- (ix) all other Loan Documents;
- (x) the Pledge Agreement, the Pledge and Security Agreement and the applicable Tax Equity Holdco Guaranty and Security Agreement, in each case, duly executed by the applicable Relevant Party, together with:
 - (A) certificates representing the pledged equity referred to therein (in the form required by the applicable limited liability company agreement) accompanied by undated stock powers executed in blank and instruments evidencing any pledged debt indorsed in blank;
 - (B) proper Financing Statements in form appropriate for filing under the applicable Uniform Commercial Code in order to perfect the Liens created under the Collateral Documents (covering the Collateral described therein);
 - (C) evidence that all other action that the Administrative Agent may deem necessary or desirable in order to perfect the Liens created under the Collateral Documents has been taken or will be taken on the Closing Date such that such Liens shall each constitute a first priority security interest; and
 - (D) the results of a recent lien search in each of the jurisdictions in which UCC financing statement or other filings or recordations should be made to evidence or perfect security interests in all assets of the Borrower and the Relevant Parties and such search shall reveal no Liens on any of the assets of the Borrower, the Relevant Parties or otherwise on the Collateral, other than Permitted Liens;
- (xi) fully executed copies of all Portfolio Documents on the Closing Date (other than Project Documents, of which only those Project Documents relating to Eligible Projects in the Project Pool with respect to which a PTO Letter has been received shall have been provided on or prior to the Closing Date) and the Project Information accompanied by an Officer's Certificate certifying: (A) that each such copy provided to the Administrative Agent is a true, correct and complete copy of such document (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters), (B) each such Portfolio Document (i) has been duly executed and delivered by the Sponsor and each Relevant Party party thereto and, to the Knowledge of the Sponsor, Borrower and the Subsidiaries, the other parties thereto, and (ii) is in full force and effect and is enforceable against the Sponsor and each Relevant Party party thereto and, to the Knowledge of the Sponsor, Borrower and the Subsidiaries, each other party thereto as of such date, (C) neither Sponsor nor any Relevant Party thereto nor, to the Knowledge of the Sponsor, Borrower and each Subsidiary, any other party to such document is or, but for the passage of time or giving of notice or both, will

be in breach of any material obligation except, solely with respect to (i) Customer Agreements, where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Effect and (ii) Master Turnkey Installation Agreements, where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Effect, (D) no Portfolio Document has an event of force majeure existing thereunder except solely with respect to the Project Documents, where such event of force majeure (itself or when coupled with other events of force majeure under such Project Documents) could not reasonably be expected to have a Material Adverse Effect and (E) all conditions precedent to the effectiveness of such documents have been satisfied or waived in writing;

(xii) correct and complete certified copies of the (i) audited Financial Statements of the Sponsor for the calendar year ended 2016 and (ii) unaudited Financial Statements of the Sponsor for the most recently available calendar quarter, delivered in the manner contemplated by Section 6.01(a)(i) and (ii);

(xiii) evidence, including customary insurance certificates, that all insurance required to be obtained and maintained pursuant to the Loan Documents has been obtained and all premiums thereon have been paid in full or are not in arrears;

(xiv) a copy of the certificate of formation, limited liability company agreement, operating agreement or other organizational documents of each Relevant Party and the Sponsor, together with such amendments to the organizational documents of the Relevant Parties (other than the Tax Equity Opcos) as required by the Administrative Agent, certified by the secretary of such Person as being true, correct and complete copy of such document (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters);

(xv) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Authorized Officers of the Relevant Parties and the Sponsor as the Administrative Agent may require authorizing, as applicable, the Loans and the guarantees given by the Loan Parties and the Sponsor, the granting of the Liens under the Collateral Documents and the execution delivery and performance of this Agreement and the other Transaction Documents and evidencing the identity, authority and capacity of each Authorized Officer thereof authorized to act as an Authorized Officer in connection with this Agreement and the other Loan Documents to which any Relevant Party is a party or is to be a party, in each case, certified by the secretary of such Person;

(xvi) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Relevant Party and the Sponsor is duly formed, validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(xvii) favorable opinions of counsel to the Relevant Parties and the Sponsor in relation to the Loan Documents and the Management Agreement, addressed to the Administrative Agent and each Secured Party from:

(A) Wilson Sonsini Goodrich & Rosati P.C., counsel for the Relevant Parties, including opinions regarding the attachment, perfection of security interests in Collateral and corporate matters (including, without limitation, enforceability, no consents, no conflicts with the Limited Liability Company Agreements and Investment Company Act matters); and

(B) an in-house opinion from counsel of the Sponsor, including opinions regarding corporate matters and no conflicts with organizational documents, and other material contracts binding on the Relevant Parties;

(xviii) a certificate of an Authorized Officer of each Relevant Party, either (A) attaching copies of all consents, licenses and approvals required in connection with the Loans and the guarantees given by the Loan Parties, the granting of the Liens under the Collateral Documents and the execution delivery and performance of this Agreement and the other Transaction Documents and the validity against the Sponsor and each Relevant Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect and not subject to appeal, or (B) certifying that no such consents, licenses or approvals are so required;

(xix) a certificate signed by an Authorized Officer of the Borrower certifying (A) that the conditions specified in Section 9.01(g), Section 9.01(h), Section 9.01(i), Section 9.01(k) and Section 9.01(m) have been satisfied, (B) as to the solvency of the Borrower and the Subsidiaries, and (C) that there has been no event or circumstance since December 31, 2016 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(xx) the Closing Date Funds Flow Memorandum outlining the use of the Loans which shall be in compliance with Section 2.01(f);

(xxi) the Closing Date Tax Equity Models for the Tax Equity Opcos; and

(xxii) each other certificate or document as the Administrative Agent shall reasonably request.

(b) The Administrative Agent has received (i) the Base Case Model demonstrating compliance with the Available Borrowing Base and (ii) a report from the Model Auditor in respect of the Closing Date Tax Equity Models for the IRR Partnership Flip Opcos addressed to the Administrative Agent and the Lenders.

(c) Each Lender Party has received the initial Operating Budget required pursuant to Section 6.01(e)(i) for the period ending December 31, 2017.

(d) The Lender Parties have received all documentation and other information required by regulatory authorities under the applicable “know your customer” and Anti-Money Laundering Laws, including the PATRIOT Act.

(e) Payment of Fees/Expenses.

(i) All fees and expenses (including attorney’s fees and disbursements) required to be paid to the Agents and the Depository Bank on or before the Closing Date shall have been paid or shall be, contemporaneously with the Closing, paid.

(ii) All fees required to be paid to the Lenders, the Coordinating Lead Arrangers, Joint Lead Arrangers and the Joint Bookrunners on or before the Closing Date pursuant to the Fee Letters, shall have been paid or shall be, contemporaneously with the Closing, paid.

(iii) All Additional Expenses due and payable as of the Closing Date shall have been paid in full by the Borrower.

(iv) All other costs and expenses required to be paid pursuant to Section 4.07 for which evidence has been presented (including third-party fees and out-of-pocket expenses of lenders counsel, the Insurance Consultant, Independent Engineer, Model Auditor and other advisors or consultants retained by the Administrative Agent) on or before the Closing Date.

(v) The payment of all fees, costs and expenses to be paid on the Closing Date will be reflected in the Closing Date Funds Flow Memorandum and funding instructions given by the Borrower to the Administrative Agent and the Depository Bank prior to the Closing Date.

(f) The Borrower has established the Collateral Accounts and, except to the extent to be funded with a Letter of Credit on the Closing Date, has deposited, or shall contemporaneously with the Closing deposit, into the Debt Service Reserve Account the Debt Service Reserve Required Amount. To the extent applicable, the funding of the Debt Service Reserve Account will be reflected in the Closing Date Funds Flow Memorandum and funding instructions given by the Borrower to the Administrative Agent and the Depository Bank prior to the Closing Date.

(g) The representations and warranties of the Sponsor and the Relevant Parties contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(h) No action or proceeding has been instituted or threatened in writing by any Governmental Authority against the Sponsor or any Relevant Party that seeks to impair, restrain prohibit or invalidate the transactions contemplated by this Agreement and the other Loan Documents or regarding the effectiveness or validity of any required Permits.

(i) No Default or Event of Default shall exist, or would result from the borrowing or from the application of the proceeds thereof.

(j) The Administrative Agent shall have received technical reports on the Projects to be owned by the Subsidiaries prepared by the Independent Engineer and addressed to the Administrative Agent and the Lenders.

(k) The Cash Available for Debt Service included under the Base Case Model does not include cash flows from any Project that is not an Eligible Project and takes into account the impact on Operating Revenues and Operating Expenses from each waiver provided by a Tax Equity Class A Member. Taking into account all Projects proposed to be included in the Collateral as of the Closing Date, each Eligible Project (i) met the requirements for the purchase of the Projects at the time of sale pursuant to such applicable Master Purchase Agreement or (ii) such requirements were amended or waived and notice of any such waiver or amendment has been provided to the Administrative Agent.

(l) The Administrative Agent shall have received (i) an insurance report from the Insurance Consultant addressed to the Administrative Agent and the Lenders and (ii) an insurance certificate from the Borrower's insurance broker identifying the underwriters, types of insurance, applicable insurance limits and policy terms consistent with such insurance report and confirming that such insurance is in compliance with the terms of Section 5.14 and Section 6.13.

(m) No Tax Equity Holdco has been removed as managing member under the Limited Liability Company Agreement for any applicable Tax Equity Opco, nor has any such Tax Equity Holdco given or received written notice of an action, claim or threat of such removal.

(n) The Administrative Agent shall be satisfied that all warranties relating to the Eligible Projects not previously in the Project Pool will inure to the benefit of, and be enforceable by, the Relevant Party following the purchase of such Eligible Projects.

(o) The Borrower shall have delivered the notice to the to the Tax Equity Class A Member required under Section 3.03(c) of the Tax Equity Limited Liability Company Agreement of [***].

Section 9.02 Conditions of Delayed Draw Loans on Subsequent Advance Dates. The obligation of each Lender to make Delayed Draw Loans on each subsequent Advance Date succeeding the Closing Date is subject to satisfaction of the following conditions precedent each in form and substance reasonably satisfactory to the Administrative Agent (acting on the instructions of all Lenders and the LC Issuer):

(a) The Closing Date shall have occurred and the Borrower shall have delivered a Borrowing Notice in accordance with the requirements of Section 2.01.

(b) The Administrative Agent's receipt of the following, each of which shall be originals or electronic copies (followed promptly by originals to the extent extant) unless otherwise specified, each properly executed by an Authorized Officer of the signing Borrower, each dated as of the date of such borrowing (or, in the case of certificates of governmental officials, a recent date before such date of borrowing):

(i) a Note executed by the Borrower in favor of each Lender requesting a Note;

(ii) a certificate signed by an Authorized Officer of the Borrower certifying (A) that the conditions specified in Section 9.02(d) and 9.02(e), 9.02(f), 9.02(g), 9.02(h), 9.02(j) and 9.02(l) have been satisfied and (B) that there has been no event or circumstance since the later of the Closing Date and the making of the last Loans pursuant to this Section 9.02 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(iii) fully executed copies of all Project Documents and other Portfolio Documents, not previously delivered to the Administrative Agent, entered into in connection with Eligible Projects in the Project Pool (other than Project Documents, of which only those Project Documents relating to Eligible Projects in the Project Pool with respect to which a PTO Letter has been received shall have been provided on or prior to such Advance Date) together with the Project Information relating to each such Eligible Project, accompanied by an Officer's Certificate certifying: (A) that each such copy provided to the Administrative Agent is a true, correct and complete copy of such document (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters), (B) each such Portfolio Document (i) has been duly executed and delivered by the Sponsor and Relevant Party party thereto and, to the Knowledge of the Sponsor, Borrower and the Subsidiaries, the other parties thereto, (ii) is in full force and effect and is enforceable against the Sponsor and each Relevant Party party thereto and, to the Knowledge of the Sponsor, the Borrower and the Subsidiaries, each other party thereto as of such date, (C) neither Sponsor nor any Relevant Party party thereto nor, to the Knowledge of the Sponsor, Borrower and each Subsidiary, any other party to such document is or, but for the passage of time or giving of notice or both, will be in breach of any material obligation except, solely with respect to (i) Customer Agreements, where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Effect and (ii) Master Turnkey Installation Agreements, where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Effect, (D) no Portfolio Document has an event of force majeure existing thereunder except solely with respect to the Project Documents, where such event of force majeure (itself or when coupled with other events of force majeure under such Project Documents) could not reasonably be expected to have a

Material Adverse Effect and (E) all conditions precedent to the effectiveness of such documents have been satisfied or waived in writing;

(iv) evidence, including customary insurance certificates, that all insurance required to be obtained and maintained pursuant to the Loan Documents has been obtained and all premiums thereon have been paid in full or are not in arrears;

(v) to the extent not previously delivered, a copy of the purchase and sale confirmation delivered under the applicable Master Purchase Agreement in respect of the Eligible Projects in the Project Pool, including any subsequent confirmations provided to any Opco or its applicable Tax Equity Class A Member that the Projects have been Placed in Service or have received a PTO Letter; and

(vi) the then-current true-up financial models for any Opco;

(c) Each Lender Party has received the Base Case Model, demonstrating compliance with the Available Borrowing Base calculated as of the date of the Borrowing Notice delivered with respect to the applicable Advance Date and updated to reflect the Loan made on such date and any changes to the Project Pool or the Base Case Model since the most recent calculation of the Available Borrowing Base.

(d) The representations and warranties of the Borrower and each other Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of such borrowing date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date.

(e) No action or proceeding has been instituted or threatened in writing by any Governmental Authority against the Sponsor or the Relevant Party that seeks to impair, restrain prohibit or invalidate the transactions contemplated by this Agreement and the other Loan Documents or regarding the effectiveness or validity of any required Permits.

(f) No Default or Event of Default shall exist, or would result from the borrowing or from the application of the proceeds thereof.

(g) The Cash Available for Debt Service included under the updated Base Case Model does not include cash flows from any Project that is not an Eligible Project and takes into account the impact on Operating Revenues and Operating Expenses from each waiver provided by a Tax Equity Class A Member. Taking into account all Projects owned by an Opco and proposed to be included in the Collateral as of such date: (i) each of the fund constraints set forth in the related Master Purchase Agreement has been satisfied, (ii) the minimum systems in service requirement set forth in such Master Purchase Agreement shall have been achieved, and (iii) each Project met the "Qualifications of Projects" requirements at the time of sale pursuant to such Master Purchase

Agreement or, such requirements referenced in clauses (i), (ii) and/or (iii) were waived or amended and a copy of any such waiver or amendment has been provided to the Administrative Agent.

(h) The Available Borrowing Base delivered pursuant to Section 9.02(c) was calculated solely with respect to Eligible Projects.

(i) Except to the extent (A) funded with a Letter of Credit or an Acceptable DSR Guarantee or (B) to be funded with the proceeds of such borrowing of Delayed Draw Loans, the Debt Service Reserve Account is fully funded with the Debt Service Reserve Required Amount as of such date.

(j) No Distribution Trap shall have occurred and be continuing.

(k) All Additional Expenses due and payable as of such date shall have been paid in full by the Borrower and all other costs and expenses required to be paid per Section 4.07 for which evidence has been presented (including third-party fees and out-of-pocket expenses of lenders counsel, the Insurance Consultant, Independent Engineer, Model Auditor and other advisors or consultants retained by the Administrative Agent) on or before the applicable Advance Date. The payment of all fees, costs and expenses to be paid on the applicable Advance Date will be reflected in the Transfer Date Certificate and/or funding instructions given by the Borrower to the Administrative Agent prior to the applicable Advance Date.

(l) No Tax Equity Holdco has been removed as managing member under the Limited Liability Company Agreement for any applicable Tax Equity Opco, nor has any such Tax Equity Holdco given or received written notice of an action, claim or threat of such removal.

(m) The Administrative Agent shall be satisfied that all warranties relating to the Eligible Projects in the Project Pool inure to the benefit of, and are enforceable by, the relevant Subsidiary.

(n) The Administrative Agent shall have received a certificate signed by an Authorized Officer of the Borrower certifying (i) each Eligible Project included in the calculation of the Available Borrowing Base is an Eligible Project in accordance with the definition thereof and (ii) each Project in the Project Pool satisfied the requirements of the applicable Tax Equity Documents or, in the case of the Wholly Owned Opco, the applicable Wholly Owned Opco Documents.

Section 9.03 Conditions of Letter of Credit Issuance. The obligation of the LC Issuer to issue, extend or increase the Stated Amount of the Letter of Credit under Section 2.02 is subject to satisfaction of the following conditions precedent each in form and substance reasonably satisfactory to the Administrative Agent (acting on the instructions of the LC Issuer and all the LC Lenders):

(a) The conditions precedent under Section 9.01 shall have been satisfied or waived and Borrower shall have delivered a Notice of LC Activity in accordance with the requirements of Section 2.02.

(b) The Administrative Agent and the LC Issuer shall have received a certificate signed by an Authorized Officer of the Borrower certifying that the conditions specified in Section 9.03(c) and 9.03(d) have been satisfied, which shall be an original or an electronic copy (followed promptly by originals to the extent extant) unless otherwise specified, each properly executed by an Authorized Officer of the signing Borrower, each dated as of the date of such issuance.

(c) During the Availability Period, the representations and warranties of the Borrower and each other Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of such borrowing date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date.

(d) No Default or Event of Default shall exist, or would result from the borrowing or from the application of the proceeds thereof.

ARTICLE X EVENTS OF DEFAULT; REMEDIES

Section 10.01 Events of Default. Any of the following shall constitute an event of default (“Event of Default”) hereunder:

(a) Principal and Interest. Failure of a Loan Party to pay in accordance with the terms of this Agreement, (i) any interest on any Loan within three (3) Business Days after the date such sum is due, (ii) any principal with respect to any Loan when such sum is due, or (iii) any other fee, cost, charge or other sum due under this Agreement or any other Loan Document within five (5) Business Days after the date such sum is due;

(b) Misstatements. Any (i) representation or warranty made by the Sponsor or the Relevant Parties in the Loan Documents, or any Financial Statement furnished pursuant thereto, or (ii) certificate or any Financial Statement made or prepared by, under the control of or on behalf of the Sponsor or the Relevant Parties and furnished to the Administrative Agent or any Lender pursuant to this Agreement or any other Loan Document (including, without limitation, in a certificate of an Authorized Officer delivered pursuant to the Loan Documents) shall prove to have been untrue or misleading in any material respect as of the date made; provided, however, that if any such misstatement is capable of being remedied and has not caused a Material Adverse Effect, the Borrower may correct such misstatement by curing such misstatement (or the effect thereof) and delivering a written correction of such misstatement to the Administrative Agent, in the form and substance satisfactory to the Administrative Agent, within thirty (30) days of (x) obtaining Knowledge of such misstatement or (y) receipt by the Borrower of written notice from the Administrative Agent of such default;

(c) Automatic Defaults. Any (i) default by any Relevant Party in the observance and performance of or compliance with Section 6.02, Section 6.05, Section 6.11 (or, in the event

of any failure to maintain an Interest Rate Hedging Agreement as required pursuant to Section 6.11 due to the default of a Secured Hedge Provider, Borrower shall have failed to enter into a replacement Interest Rate Hedging Agreement meeting the requirements of Section 6.11 within thirty (30) days of the termination of such Interest Rate Hedging Agreement due to such default) and Section 6.24(a) and Article VII or (ii) failure by the Sponsor to pay any amount due and payable under the Cash Diversion Guaranty.

(d) Other Defaults. Any default by the Sponsor, the Borrower or any Relevant Party in the observance and performance of or compliance with any other covenant or agreement contained in this Agreement or any other Loan Document, a Wholly Owned Opco O&M Agreement or the Management Agreement (other than as provided in paragraphs (a) through (c) of this Section 10.01), which default shall continue unremedied for a period of (i) 10 days with respect to a breach of Section 6.13, and (ii) 30 days for any other covenant to be performed or observed by it under this Agreement or any other Loan Document and not otherwise specifically provided for elsewhere in this Article X, in each case, after the earlier of (x) receipt by the Borrower of written notice from the Administrative Agent of such default or (y) obtaining Knowledge of any such default; provided that the thirty (30) day period referred to in clause (ii) above may be extended by an additional forty-five (45) days, in the event that such default has not been cured within the initial thirty (30) day period, such default remains capable of being cured within the additional forty-five (45) day period, no Material Adverse Effect has resulted from such default and Borrower continues to diligently pursue cure of such default.

(e) Involuntary Bankruptcy; Appointment of Receiver, etc. (i) A court enters a decree or order for relief with respect to the Sponsor or any Relevant Party in an Involuntary Bankruptcy, which decree or order is not stayed or other similar relief is not granted under any applicable federal or state Law; (ii) the occurrence and continuation of any of the following events for sixty (60) days unless dismissed or discharged within such time: (w) an involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, is commenced, in which the Sponsor or any Relevant Party is a debtor or any portion of the Collateral or any Membership Interest is property of the estate therein, (x) a decree or order of a court for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Sponsor or any Relevant Party, over all or a substantial part of its property, is entered, (y) an interim receiver, trustee or other custodian is appointed without the consent of the Sponsor or any Relevant Party for all or a substantial part of the property of such Person or (z) a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of the Sponsor or any Relevant Party;

(f) Voluntary Bankruptcy; Appointment of Receiver, etc. (i) An order for relief is entered with respect to the Sponsor or any Relevant Party, or the Sponsor or any Relevant Party commences a voluntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case or to the conversion of an involuntary case to a voluntary case under any such Law or consents to the appointment of or taking possession by a receiver, trustee or other custodian for the Sponsor or any Relevant Party, for all or a substantial part of the property of the Sponsor or any Relevant Party; (ii) the Sponsor or any Relevant Party makes any assignment for the benefit of

creditors; (iii) the Sponsor or any Relevant Party shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due or (iv) the board of directors or other governing body of the Sponsor or any Relevant Party adopts any resolution or otherwise authorizes action to approve any of the actions referred to in this Section 10.01(f);

(g) Material Judgment. Any final money judgment, writ or warrant of attachment or similar process involving, individually or in aggregate at any time, an amount in excess of \$1,000,000 (to the extent not adequately covered by insurance as to which a solvent, reputable and Independent insurance company, which at least meets the Credit Requirements, has acknowledged coverage in writing to the Borrower and such acknowledgment is provided to the Administrative Agent) shall be entered or filed against the Borrower or any of the other Relevant Parties or any of their respective Assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days (or in any event later than five (5) days prior to the date of any proposed sale thereunder).

(h) Impairment of Loan Documents. At any time after the execution and delivery thereof, (i) this Agreement or any other Loan Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or on the Debt Termination Date) or shall be declared null and void, or the Administrative Agent or any Lender shall not have or shall cease to have a valid and perfected Lien in any Collateral or the Membership Interests purported to be covered by the Loan Documents with the priority required by the relevant Loan Document or (ii) the Borrower, the Sponsor or any Relevant Party thereto shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability, including with respect to future advances by any Lender, under any Loan Document to which it is a party.

(i) ERISA. The Borrower, any Loan Party or, except as would not result in a Material Adverse Effect, any of their respective ERISA Affiliates establishes any Employee Benefit Plan or Multiemployer Plan, or commences making contributions to (or becomes obligated to make contributions to) any Employee Benefit Plan or Multiemployer Plan.

(j) Change of Control. Any Change of Control shall have occurred.

(k) Removal of Managing Member.

(i) Any Tax Equity Holdco shall have been removed as the “managing member” of any applicable Tax Equity Opco. The receipt of any written notice, claim or threat of removal from the Tax Equity Class A Member shall be a “Default” for all purposes hereunder until rescinded in writing by such Tax Equity Class A Member and such event shall mature into an “Event of Default” if the Tax Equity Holdco default that is the subject of such written notice, claim or threat is not cured within the applicable period prior to effectiveness of removal provided under the applicable Limited Liability Company Agreement.

(ii) The Sponsor shall have been removed as the “Operator” of any Tax Equity Opco O&M Agreement. The receipt of any written notice, claim or threat of removal from

any Tax Equity Opco shall be a “Default” for all purposes hereunder until rescinded in writing by such Tax Equity Opco and such event shall mature into an “Event of Default” if the Operator default that is the subject of such written notice, claim or threat is not cured within the applicable period prior to effectiveness of removal provided under the applicable Tax Equity Opco O&M Agreement.

(l) Abandonment of Servicing. (i) The transition to a successor Operator to perform the “Project Services” (as defined within an O&M Agreement) is not complete within thirty (30) days after termination of an Operator, (ii) the transition to a successor Manager under a Management Agreement is not complete within thirty (30) days after termination of the Manager, (iii) a replaced Operator or Manager fails to comply with its transition requirements under a Back-Up Servicing Agreement or a Transition Management Agreement, as applicable, or (iv) an O&M Agreement is not renewed on its expiry date in accordance with its terms or otherwise in a form and substance acceptable to the Administrative Agent (acting on the instructions of the Required Lenders).

Section 10.02 Acceleration and Remedies.

(a) Upon the occurrence and during the continuance of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Administrative Agent shall, at the request of the Required Lenders, take any or all of the following actions, at the same or different times: (i) terminate any outstanding Commitments, and thereupon any such outstanding Commitments shall terminate immediately; (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, and the Borrower shall Cash Collateralize the LC Exposure, and (iii) make a demand on any Acceptable DSR Letter of Credit provided with respect to the Debt Service Reserve Account, in each case, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any Event of Default described in Section 10.01(e) or (f), any outstanding Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower, shall automatically become due and payable, and the Cash Collateralization of the LC Exposure shall automatically be required, in each case, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Upon the occurrence and during the continuance of any Event of Default, in addition to the exercise of remedies set forth in clauses (i), (ii) and (iii) above, each Secured Party shall be, subject to the terms of the Collateral Agency Agreement, entitled to exercise the rights and remedies available to such Secured Party under and in accordance with the provisions of the other Loan Documents to which it is a party or any applicable Law.

(b) Upon the occurrence and during the continuation of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Administrative Agent against the Borrower under this Agreement or any of the other Loan Documents, or at Law or in equity, may be exercised by the Administrative Agent (acting on the instructions of the Required

Lenders) at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not the Administrative Agent shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral and the proceeds from any of the foregoing. Any such actions taken by the Administrative Agent shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Administrative Agent may determine in its sole discretion, to the fullest extent permitted by Law, without impairing or otherwise affecting the other rights and remedies of the Administrative Agent permitted by Law, equity or contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) to the fullest extent permitted by Law, the Administrative Agent shall not be subject to any “one action” or “election of remedies” Law or rule, and (ii) all liens and other rights, remedies or privileges provided to the Administrative Agent shall remain in full force and effect until the Administrative Agent has exhausted all of its remedies against the Collateral and the proceeds from any of the foregoing or the Obligations have been paid in full.

(c) The rights and remedies set forth in this Section 10.02 are in addition to, and not in limitation of, any other right or remedy provided for in this Agreement or any other Loan Document.

(d) Anything herein to the contrary notwithstanding, if and for so long as a Lender is a Tax Exempt Person, such Lender shall not succeed to the rights of any Tax Equity Holdco or the Borrower as a direct or indirect owner of any Opco or Tax Equity Holdco, or an assignee of any such Person, until after the Recapture Period for the last Project Placed in Service with respect to the Person(s) of which the Lender would become a direct or indirect owner, regardless whether or not exists an Event of Default.

ARTICLE XI ADMINISTRATIVE AGENT

Section 11.01 Appointment and Authority.

(a) Each of the Lenders hereby appoints KeyBank National Association to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Lender Parties and no Relevant Party nor the Sponsor shall have rights of a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “Administrative Agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 11.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Relevant Party or their Affiliates as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 11.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 12.03 and 10.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance

of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IX or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 11.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, which by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 11.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-Administrative Agents appointed by the Administrative Agent. The Administrative Agent and any such sub-Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article XI shall apply to any such sub-Administrative Agent and to the Related Parties of the Administrative Agent and any such sub-Administrative Agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-Administrative Agents selected with due care except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-Administrative Agents.

Section 11.06 Resignation and Removal of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Depository Bank, and the Borrower. The Administrative Agent may be removed at any time by the Required Lenders for the Administrative Agent's gross negligence or willful misconduct. Upon receipt of any such notice of resignation or removal, the Required Lenders shall have the right, with the consent of the Borrower (not to be unreasonably withheld or delayed), unless a Default or an Event of Default shall have occurred and is continuing, in which case the consent of the Borrower shall not be required, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. In the case

of a removal, if no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Such resignation shall become effective in accordance with such notice on the Resignation Effective Date and upon acceptance by the successor Administrative Agent.

(b) With effect from the Resignation Effective Date or the date on which the Administrative Agent has been removed by the Required Lenders, as applicable, (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than as provided in Section 4.09(h) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the date on which the Administrative Agent has been removed by the Required Lenders, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 11.06). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this ARTICLE XI and Section 4.07 and Section 4.08 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-Administrative Agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

Section 11.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 11.08 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then

be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective Administrative Agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 4.06, 4.07 and 4.08) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its Administrative Agents and counsel, and any other amounts due the Administrative Agent under Section 4.06, 4.07 and 4.08.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 11.09 Appointment of Collateral Agent and Depository Bank. The LC Issuer and each Lender hereby consents and agrees to the appointment of the Collateral Agent and the Depository Bank respectively in accordance with the Collateral Agency Agreement and the Depository Agreement and authorize each such Agent in such capacity to take such action on its behalf under the provisions of the Collateral Documents and to exercise such powers and perform such duties as are expressly delegated to it by the terms of the Collateral Documents, together with such other powers as are reasonably incidental thereto. The Collateral Agent and Depository Bank shall each be an express third party beneficiary of Article V, Article VIII, Section 9.01(e), Section 9.02(k), Section 12.01(b)(viii), Section 4.07, Section 4.08 and Section 4.09.

Section 11.10 Coordinating Lead Arrangers, Joint Lead Arrangers and Joint Bookrunners. The Coordinating Lead Arrangers, Joint Lead Arrangers and the Joint Bookrunners shall not have any duties or responsibilities hereunder in their capacities as such.

ARTICLE XII MISCELLANEOUS

Section 12.01 Waivers; Amendments.

(a) No Deemed Waivers; Remedies Cumulative. No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 12.01(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Amendments. No amendment, supplement, modification or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver and no such amendment, supplement or modification shall:

(i) increase the amount or extend the expiration date of any Commitment, in each case, without the written consent of the LC Issuer and each Lender adversely affected thereby;

(ii) either (A) amend the definitions of “Advance Rate”, “Amortization Factor”, “Available Borrowing Base”, “Available Borrowing Base Determination Date”, “Availability Period”, “Customer Agreement Termination Date”, “Cash Available for Debt Service”, “Debt Service Coverage Ratio”, “Eligible Project” or “Portfolio Value” except for any amendment to any such definition (x) to correct any scrivener error(s), (y) to clarify the meaning of any such definition or (z) that otherwise has a de minimis effect on the substance of any such definition, (B) amend Section 6.26 or (C) amend any other provision of any Loan Document that could increase the amount of the Available Borrowing Base, in each case, without the written consent of the LC Issuer and each Lender adversely affected thereby;

(iii) reduce or forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Loan, reduce the stated rate of any interest or fee payable under this Agreement (except in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Facility Lenders of each adversely affected Facility)) or extend the scheduled date of any payment thereof, in each case, without the written consent of the LC Issuer and each Lender adversely affected thereby;

(iv) amend, modify or waive any provision of Article IV in a manner that would alter the pro rata sharing of payments required thereunder, without the written consent of each Lender or amend Section 12.17 without the written consent of each Lender Party adversely affected thereby;

(v) change the voting rights of the LC Issuer or the Lenders under this Section 12.01(b) or the definition of the term “Required Lenders” or “Required Facility Lenders” or any other provision hereof specifying the number or percentage of Lenders or other Secured Parties required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender and the LC Issuer;

(vi) release all or a material portion of the Collateral, or any Loan Party from its obligations under the Collateral Documents or any Membership Interests without the written consent of the LC Issuer and each Lender, in each case, other than in connection with a disposition permitted hereunder; and provided that no such agreement shall amend, modify or otherwise affect the rights or duties of any Lender Party hereunder without the prior written consent of such Lender Party;

(vii) amend, modify or waive any provision of Article XI or any other provision of any Loan Document that would adversely affect the Administrative Agent without the written consent of the Administrative Agent;

(viii) amend, modify or waive any provision of the Collateral Agency Agreement or the Depository Agreement or any other provision of any Loan Document that would adversely affect the Collateral Agent or Depository Bank without the written consent of such affected Agent;

(ix) amend, modify or waive any provision of Section 2.02 (or any other provision of this Agreement or any other Loan Document that specifically provides for rights and obligations of the LC Issuer) without the written consent of the LC Issuer;

(x) change the order of priority of payments set forth in Section 4.02(b) of the Depository Agreement or Section 2.03(a) of the Collateral Agency Agreement without the written consent of each Lender Party directly affected thereby; and

(xi) amend, modify or waive any provision of this Agreement in a manner that would adversely affect the Lenders or the LC Lenders disproportionately to any Lenders in respect of any other Class of Loan without the consent of all the Required Facility Lenders of the adversely affected Facility.

Section 12.02 Notices; Copies of Notices and Other Information

(a) Any request, demand, authorization, direction, notice, consent, waiver or other documents provided or permitted by this Agreement shall be in writing and if such request,

demand, authorization, direction, notice, consent or waiver is to be made upon, given or furnished to or filed with:

(i) the Administrative Agent by any Lender or by the Borrower shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Administrative Agent at its Administrative Agent's Office; or

(ii) the Borrower by the Administrative Agent, or by any Lender shall be sufficient for every purpose hereunder if in writing and mailed first-class, postage prepaid and by facsimile to the Borrower addressed to: 595 Market St., 29th Floor, San Francisco, CA 94105, Fax: 415.727.3500, Attn: General Counsel, or at any other address previously furnished in writing to the Administrative Agent by the Borrower and with a copy to KeyBank National Association, as Other Administrative Agent, at 127 Public Square, Cleveland, OH 44114, Mailcode: OH-01-27-1122, Attention: [***], Senior Vice President, Email: [***] or at any other address previously furnished in writing to the Administrative Agent by the Other Administrative Agent. The Borrower shall promptly transmit any notice received by them from the Lenders to the Administrative Agent.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in Section 12.02(b) below, shall be effective as provided in Section 12.02(b).

(b) Electronic Communications. Notices and other communications to the Administrative Agent or the Lenders hereunder may be delivered or furnished by electronic communication (including e mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Change of Address, Etc. Each of the Borrower and the Administrative Agent may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Borrowing Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Indemnitee from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower, other than those resulting from the gross negligence or willful misconduct of such Person. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 12.03 No Waiver; Cumulative Remedies. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 12.04 Effect of Headings and Table of Contents. The Article and Section headings in this Agreement and the Table of Contents are for convenience only and shall not affect the construction hereof or thereof.

Section 12.05 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of their rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with Section 12.05(b), (ii) by way of participation in accordance Section 12.05(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 12.05(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns

permitted hereby, Participants to the extent provided in Section 12.05(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement upon prior notice to the Administrative Agent and the Borrower; provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitments and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in clause (b)(i)(B) below in the aggregate, or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in clause (b)(i)(A) above, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitments are not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) Required Consents. The consent of the Administrative Agent, the Borrower (such consent in each case not to be unreasonably withheld or delayed) and, with respect to the assignment of any LC Exposure, the LC Issuer shall be required for any assignment pursuant to this Section 12.05(b); provided that no consent of the Borrower shall be required in connection with an assignment to a Lender or an Affiliate of a Lender or if a Default or Event of Default has occurred and is continuing. The Borrower's consent shall be deemed to have been given if the Borrower has not responded within ten (10) Business Days of an assignment request. No other consent shall be required for any such assignment except to the extent required by clause (b)(i)(B) above.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing fee in the amount of \$3,500; provided, however, that the Administrative

Agent may, in its sole discretion, elect to waive such processing fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) Prohibited Assignments. No assignment of any Loans or Commitments shall be made to (A) a Competitor, (B) any Defaulting Lender or any of its Affiliates in this Section 12.05(b)(v), (C) to a natural Person or (D) to any Affiliated Lender if, in the case of this subclause (D), after giving effect to such assignment, the Affiliated Lenders would, in the aggregate, own or hold in excess of 25% of the Commitments, Loans and LC Exposure outstanding under the Facilities (calculated as of the date of such purchase).

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this clause (vii), then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(vii) Assignment to an Affiliated Lender. In the event that the Borrower or any Affiliate thereof (including the Sponsor) is an assignee under this Section 12.05(b) (an “Affiliated Lender”), (A) such Affiliated Lender shall be a Non-Voting Lender (as defined in the Collateral Agency Agreement) and its Commitments shall not be included in any calculation for purposes of determining whether a requisite number or percentage of Lenders, as applicable, have voted to take an action hereunder and (B) the Affiliated Lender, in its capacity as a Lender, shall not have any right (1) to consent to any amendment, modification, waiver, consent or other such action with respect to any of the terms of this Agreement or any other Loan Document, (2) to require the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to this Agreement or any other Loan Document, (3) to otherwise vote on any matter related to this Agreement or any other Loan Document, (4) to attend any meeting or conference call with the Administrative Agent or any Lender or receive any information from the Administrative Agent or any Lender or (5) to make or bring any claim, in its capacity as a Lender, against the Administrative Agent or any Lender or with respect to

the duties and obligations of such Person under the Loan Documents; provided, that no amendment, modification or waiver shall (I) deprive the Affiliated Lender, in its capacity as a Lender, of its share of any payments which Lenders are entitled to share on a pro rata basis hereunder or (II) affect the Affiliated Lender, or any of them, in its capacity as Lender, in a manner that is materially disproportionate to the effect of such amendment or other modification on other Lenders; provided, further, no amendment, modification or waiver expressly requiring the consent of all Lenders pursuant to Section 12.01(b) shall be effective without the consent of the Affiliated Lender, in its capacity as a Lender.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 12.05(c), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 4.06, 4.07, 4.08, 4.09 and 4.11 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.05(d).

(c) Register. The Administrative Agent, acting solely for this purpose as an Administrative Agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Upon its receipt of, and consent to, a duly completed Assignment and Assumption executed by an assigning Lender and an assignee lender, administrative details information with respect to such assignee lender (unless the assignee lender shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b)(iv) above, if applicable, and the written consent of the Administrative Agent to such assignment and any applicable tax forms, the Administrative Agent shall promptly record each assignment made in accordance with this Section 12.05(c) in the Register. No assignment shall be effective unless it has been recorded in the Register as provided in this Section 12.05(c). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. %3. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a

natural Person or the Borrower or any of the Borrower's Affiliates) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(i) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver requiring the consent of all Lenders, as set forth in first proviso in Section 12.01 that affects such Participant. The Borrower agree that each Participant shall be entitled to the benefits of Section 4.08, 4.09 and 4.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.05(b); provided that such Participant agrees to be subject to the provisions of Section 4.09 as if it were an assignee under Section 12.05(b). To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 4.11 as though it were a Lender; provided that such Participant agrees to be subject to Section 4.10 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans, Commitments or other rights or obligations under the Loan Documents (each such register, a "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of any Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans or other rights or obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other right or obligation is in registered form under section 5f.103-1(c) of the U.S. Treasury Regulations. The entries in a Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 4.09 that the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 4.09 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 4.09 and 4.10 as though it were a Lender.

(f) Certain Pledges. Any Lender or the Administrative Agent may at any time pledge or assign a security interest in all or any portion of its rights under the Loan Documents to secure obligations of such Lender or the Administrative Agent, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank; provided that no such pledge or assignment shall release such Lender or the Administrative Agent from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender or the Administrative Agent as a party hereto.

Section 12.06 Severability. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.07 Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto, the Administrative Agent and their successors hereunder, the Lender Parties, each Indemnitee and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 12.08 Governing Law.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN Section 12.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 12.09 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, ADMINISTRATIVE AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.09.

Section 12.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. "pdf", "tif", "jpg" or "jpeg") shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 12.11 Confidentiality.

(a) Each party to this Agreement agrees to maintain the confidentiality of the Confidential Information (as defined below), except that Confidential Information may be disclosed (i) to its Affiliates, and to its and its Affiliates' directors, officers, employees, trustees and Administrative Agents, including accountants, legal counsel and other Administrative Agents and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential and any failure of such Persons acting on behalf of such party to comply with this Section shall constitute a breach of this Section by the relevant party, as applicable), (ii) to the extent requested by any regulatory authority or self-regulatory authority, required by applicable Law (including NY Public Officers Law, Article 6, and 21 NYCRR § 501, if applicable) or by any subpoena or similar legal process; provided that solely to the extent permitted by law and other than in connection with audits and reviews by regulatory and self-regulatory authorities, each party shall notify the other parties hereto as promptly as practicable of any such requested or required disclosure in connection with any legal or regulatory proceeding; provided, further, that in no event shall any party hereto be obligated or required to return any materials furnished by any other party hereto, (iii) to any other party to this Agreement or under the other Loan Documents, (iv) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the other Loan Documents or the enforcement of rights hereunder or thereunder, (v) on a confidential basis to (A) any rating agency in connection with rating the Borrower or its Subsidiaries or the Facilities or (B) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Facilities, (vi) subject to an agreement containing confidentiality undertakings substantially similar to those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any Lender's rights or obligations under this Agreement, (B) any actual or prospective counterparty (or its advisors) to any interest rate cap contract or derivative transaction relating to any Relevant Party or the Sponsor and its obligations under the Loan Documents, or (C) any pledgee of a Lender referred to in Section 12.05; provided, however, that Confidential Information may be disclosed to any such pledgee of a Lender that is a Governmental Authority without being subject to an agreement containing confidentiality undertakings substantially similar to those of this Section, (vii) to the extent such Confidential Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to such party or its Affiliates on a nonconfidential basis from a source other than the Sponsor or the Borrower, (viii) as part of a Lender's investor reporting requirements pursuant to applicable Law or required by any regulatory authority or self-regulatory authority with jurisdiction over such Lender; provided, such reporting shall be limited to (A) the name of the Borrower, (B) the amount of such Lender's Commitments, (C) the jurisdiction of the facility, (D) the sector and sub-sector in which the Borrower operates, (E) the maturity and average life of the Lender's Loans, and (F) the Applicable Interest Rates and yield to maturity, or (ix) with the consent of the Borrower. For the purposes hereof, "Confidential Information" shall mean (1) with respect to Borrower, all information received by the Administrative Agent or the Lenders from the Sponsor, the Borrower or any Subsidiary relating to the Sponsor, the Borrower, any other Subsidiary or their business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Sponsor, the Borrower or any Subsidiary, and (2) with respect to the Administrative Agent or the Lenders, all information received by any Relevant Party or the Sponsor from the Administrative Agent or any Lender relating to the Administrative Agent or any Lender or its business, including information

relating to fees, other than any such information that is available to such Relevant Party or the Sponsor on a nonconfidential basis prior to disclosure by the Administrative Agent or such Lender; provided that, in the case of information received from the Sponsor, the Borrower or any Subsidiary after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Confidential Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord to its own confidential information.

(b) EACH PARTY HERETO ACKNOWLEDGES THAT CONFIDENTIAL INFORMATION AS DEFINED IN SECTION 12.11(A) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION CONCERNING SUCH OTHER PARTIES HERETO AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL CONFIDENTIAL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT, WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION ABOUT THE SPONSOR, THE BORROWER, THE RELEVANT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE CONFIDENTIAL INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

Section 12.12 USA PATRIOT ACT. Each Lender that is subject to the PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "PATRIOT Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the PATRIOT Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and Anti-Money Laundering Laws, including the PATRIOT Act.

Section 12.13 Corporate Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Borrower or the Administrative Agent, in each of their capacities hereunder, under this Agreement or any certificate or other writing delivered in connection herewith, against (i) the Administrative Agent in its individual capacity, or (ii) any partner, member, owner, beneficiary, Administrative Agent, officer, director, employee or Administrative Agent of the Administrative Agent in its individual capacity, any holder of equity in the Borrower or the Administrative Agent or in any successor or assign of the Administrative Agent in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Administrative Agent has no such obligations in its individual capacity), and except that any such partner, owner or equity holder shall be fully liable, to the extent provided by applicable Law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity.

Section 12.14 Non-Recourse. No claims may be brought against any of the Borrower's directors or officers for any Obligations, except in the case of fraud or actions taken in bad faith by such Persons.

Section 12.15 Administrative Agent's Duties and Obligations Limited. The duties and obligations of the Administrative Agent, in its various capacities hereunder, shall be limited to those expressly provided for in their entirety in this Agreement (including any exhibits to this Agreement). Any references in this Agreement (and in the exhibits to this Agreement) to duties or obligations of the Administrative Agent in its various capacities hereunder, that purport to arise pursuant to the provisions of any of the Loan Documents shall only be duties and obligations of the Administrative Agent if the Administrative Agent is a signatory to any such Loan Documents.

Section 12.16 Entire Agreement. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 12.17 Right of Setoff. Subject to Article III of the Collateral Agency Agreement, if an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness. The rights of each Lender and its Affiliates under this Section 12.17 are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative

Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 12.18 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 12.19 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the making thereof and the termination of this Agreement.

Section 12.20 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Coordinating Lead Arrangers, the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties and their Affiliates are arm's-length commercial transactions between the Borrower and their respective Affiliates, on the one hand, and the Coordinating Lead Arrangers, the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties and their Affiliates, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Coordinating Lead Arrangers, the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties and their Affiliates are and have been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, Administrative Agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) neither the Coordinating Lead Arrangers, the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties nor their Affiliates have any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Coordinating Lead Arrangers, the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and their respective Affiliates, and neither the Coordinating Lead Arrangers, the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties nor their Affiliates have any obligation to disclose any of such interests to the Borrower or any of its Affiliates. To the fullest extent permitted by Law, the Borrower hereby waives and releases any claims that it may have against the Coordinating Lead Arrangers,

the Joint Lead Arrangers, the Joint Bookrunners, the Lender Parties and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 12.21 Electronic Execution of Assignments and Certain Other Documents. The words “execute,” “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act.

Section 12.22 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers, thereunto duly authorized, all as of the day and year first above written.

BORROWER:

**SUNRUN SCORPIO
PORTFOLIO 2017-A, LLC**

By: Sunrun Scorpio
 Portfolio 2017-B,
 LLC

Its: Sole Member

By: Sunrun Scorpio
 Holdco 2017, LLC

Its: Sole Member

By: Sunrun Inc.

Its: Sole Member

By:

Name: Robert
 Komin, Jr.

Title: Chief
 Financial Officer

**KEYBANK NATIONAL
ASSOCIATION,**
as Administrative Agent

By:

Name:

Title:

Signature Page to Scorpio Credit Agreement

**KEYBANK NATIONAL
ASSOCIATION,**
as Lender

By: _____

Name:

Title:

Signature Page to Scorpio Credit Agreement

ING CAPITAL LLC,
as Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Signature Page to Scorpio Credit Agreement

BANKUNITED, N.A.,
as Lender

By: _____
Name:
Title:

Signature Page to Scorpio Credit Agreement

**CDPQ AMERICAN FIXED
INCOME V INC.,**
as Lender

By: _____
Name:
Title:

Signature Page to Scorpio Credit Agreement

**DEUTSCHE BANK AG,
NEW YORK BRANCH,**
as Lender

By: _____
Name:
Title:

Signature Page to Scorpio Credit Agreement

SILICON VALLEY BANK,
as Lender

By: _____
Name:
Title:

Signature Page to Scorpio Credit Agreement

**ZB, NATIONAL
ASSOCIATION dba
NATIONAL BANK OF
ARIZONA,
as Lender**

By:

Name:
Title:

Signature Page to Scorpio Credit Agreement

**KEYBANK NATIONAL
ASSOCIATION,**
as LC Issuer

By: _____
Name:
Title:

Signature Page to Scorpio Credit Agreement

Exhibit A-1
Form of Borrowing Notice

[LETTERHEAD OF BORROWER]

BORROWING NOTICE

[____], 20__¹

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***], Senior Vice President
Email: [***]

Re: Sunrun Scorpio Portfolio 2017-A, LLC

Ladies and Gentlemen:

This Borrowing Notice (this “Notice”) is delivered to you pursuant to Section 2.01(c) of that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

The Borrower hereby gives irrevocable notice to the Administrative Agent, pursuant to Section 2.01(c) of the Credit Agreement, that the undersigned Authorized Officer hereby requests a Delayed Draw Loan under the Credit Agreement on behalf of the Borrower.

In connection with such request, the undersigned Authorized Officer certifies that such person is an Authorized Officer and sets forth below the following information as required by Section 2.01(c) of the Credit Agreement:

- (1) The proposed date of the funding for the Delayed Draw Loan is _____ (the [“Closing Date”]² [“Advance Date”]³), which day is a Business Day not earlier than

¹ The Borrower shall deliver a Borrowing Notice to the Administrative Agent no later than 10:00 a.m. at least five (5) Business Days in advance of the proposed funding date (or such shorter timeframe as may be agreed to by the Administrative Agent in its sole discretion).

² To be included for a borrowing on the Closing Date.

³ To be included for borrowings on a date other than the Closing Date.

five (5) Business Days following the date hereof (or such shorter timeframe as may be agreed to by the Administrative Agent in its sole discretion).

- (2) The principal amount of Delayed Draw Loans to be borrowed is \$ _____⁴.
- (3) The Type of Loans to be borrowed are [LIBO Loans] [Base Rate Loans].
- (4) The proceeds of the Delayed Draw Loan shall be credited to the following account(s):

Amount Requested	Account

The undersigned certifies as of the date hereof on behalf of the Borrower, and not in such person's individual capacity, that:

- (a) as of the [Closing Date]⁵ [Advance Date]⁶, each of the conditions precedent set forth in [Section 9.01]⁷ [Section 9.02]⁸ of the Credit Agreement will be satisfied or waived in accordance with the terms of the Credit Agreement; and
- (b) after giving effect to the proposed borrowing, the aggregate principal amount of the Delayed Draw Loans outstanding will not be greater than the Available Borrowing Base calculated as of the [Closing Date]⁹ [Advance Date]¹⁰.

Delivery of an executed counterpart of this Borrowing Notice by telephonic, facsimile or other electronic means will be effective as delivery of any original executed counterpart of this Borrowing Notice.

[remainder of page intentionally blank]

⁴ Must be an aggregate minimum amount of \$[2,000,000] and integral multiples of \$100,000 in excess of that amount, or, if less, the remaining amount necessary in order for the Borrower to fully utilize all available Delayed Draw Loan Commitments.

⁵ To be included for a borrowing on the Closing Date.

⁶ To be included for borrowings on a date other than the Closing Date.

⁷ To be included for a borrowing on the Closing Date.

⁸ To be included for borrowings on a date other than the Closing Date.

⁹ To be included for a borrowing on the Closing Date.

¹⁰ To be included for borrowings on a date other than the Closing Date.

IN WITNESS WHEREOF, the Borrower has caused this Borrowing Notice to be duly executed and delivered as of the date first written above.

BORROWER:
SUNRUN SCORPIO PORTFOLIO 2017-A, LLC

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

Exhibit A-1 – 3

Exhibit A-2
Form of Available Borrowing Base Certificate

AVAILABLE BORROWING BASE CERTIFICATE

[____], 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***], Senior Vice President
Email: [***]

Re: Sunrun Scorpio Portfolio 2017-A, LLC

Ladies and Gentlemen:

This certificate (this “Certificate”) is delivered to you pursuant to [Section 2.01(c)(v)] of [Section 6.25] of [the definition of “Permitted Fund Disposition” set forth in] that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

The Borrower hereby certifies to the Administrative Agent that, as of the date hereof:

- (a) attached hereto as Appendix A are calculations showing the Available Borrowing Base as of the Available Borrowing Base Determination Date, which were calculated in good faith and a manner consistent in all material respects with and supported by the Base Case Model; and
- (b) attached hereto as Appendix B is the Amortization Schedule, as updated pursuant to the terms of the Credit Agreement.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be duly executed and delivered as of the date first written above.

BORROWER:
SUNRUN SCORPIO PORTFOLIO 2017-A, LLC

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

Exhibit A-2 – 2

Appendix A
Available Borrowing Base Calculations

[Calculations to be attached]

Appendix B
Amortization Schedule

[Amortization Schedule to be attached]

Exhibit A-2 – 4

Exhibit A-3
Form of Interest Election Request

INTEREST ELECTION REQUEST

[____], 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***], Senior Vice President
Email: [***]

Re: Sunrun Scorpio Portfolio 2017-A, LLC

Ladies and Gentlemen:

This Interest Election Request is delivered to you pursuant to Section 2.03(f) of that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the "Borrower"), the financial institutions as Lenders from time to time party thereto (each individually a "Lender" and, collectively, the "Lenders"), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "Administrative Agent") and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

By this Interest Election Request, the Borrower hereby notifies the Administrative Agent of its request, as follows:

- A continuation of LIBO Loans for a new Interest Period, as follows:
 - i. The original Advance Date for such LIBO Loans was _____, 20__.
 - ii. The requested effective date of the proposed continuation is _____, 20__ (the "Interest Period Date"), which is a Business Day.
 - iii. On the proposed Interest Period Date the aggregate amount of LIBO Loans subject to such continuation is [____] Dollars (\$[____]).
- A conversion of Delayed Draw Loans from one type to another, as follows:

- i. The original Advance Date for such Delayed Draw Loans was _____, 20__.
- ii. The requested effective date of the proposed conversion is _____, 20__ (the “Interest Period Date”), which is a Business Day.
- iii. On the proposed Interest Period Date, [LIBO Loans][Base Rate Loans] in the aggregate principal amount of [_____] Dollars (\$[_____]) are to be converted to [LIBO Loans][Base Rate Loans].

[The Borrower hereby certifies that no Default or Event of Default exists on the date hereof.]¹¹

[Remainder of Page Intentionally Left Blank]

¹¹ To be included if converting Base Rate Loans to LIBO Loans.

IN WITNESS WHEREOF, the Borrower has caused this Interest Election Request to be duly executed and delivered as of the date first written above.

BORROWER:
SUNRUN SCORPIO PORTFOLIO 2017-A, LLC

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

Exhibit A-3 – 3

Exhibit B
Form of Assignment and Assumption

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between the Assignor identified in item 1 below (the “Assignor”) and the Assignee identified in item 2 below (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by the Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Each such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee: _____

[as [Lender] or [Affiliate][Approved Fund] of [*identify Lender*]]¹²

3. Borrower: Sunrun Scorpio Portfolio 2017-A,
LLC

¹² Indicate the appropriate option only if the Assignee is a Lender, an Affiliate of a Lender or an Approved Fund of a Lender.

4. Administrative Agent: KeyBank National Association, as administrative agent on behalf of the Lenders under the Credit Agreement
5. Credit Agreement: Credit Agreement, dated as of October 20, 2017, among Sunrun Scorpio Portfolio 2017-A, LLC (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and KeyBank National Association, as LC Issuer.
6. Assigned Interest:

Assignor	
Assignee	
Aggregate Amount of Delayed Draw Loan Commitment/Loans for Lender ¹	\$ _____
Amount of Delayed Draw Loan Commitment/Loans Assigned	\$ _____
Percentage Assigned of Delayed Draw Loan Commitment/Loans ²	_____ %
Aggregate Amount of LC Commitment/Loans for Lender ³	\$ _____
Amount of LC Commitment/Loans Assigned	\$ _____
Percentage Assigned of LC Commitment/Loans ⁴	_____ %

- ¹ Amounts in this row and in the row immediately below to be adjusted by the counterparty to take into account any payments or prepayments made between the Trade Date and the Effective Date.
- ² Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.
- ³ Amounts in this row and in the row immediately below to be adjusted by the counterparty to take into account any payments or prepayments made between the Trade Date and the Effective Date.
- ⁴ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

7. Trade Date: _____]

8. Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

9. [The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower, the Lenders and their Affiliates or their respective securities) will be made

available and who may receive such information in accordance with the Assignee's compliance procedures and applicable Laws, including Federal and state securities laws.]

Exhibit B – 3

CPAM: 12959353.4

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR¹
[NAME OF ASSIGNOR]

By: _____
Name: _____
Title: _____

ASSIGNEE²
[NAME OF ASSIGNEE]

By: _____
Name: _____
Title: _____

¹ Include both Approved Fund and manager making the trade (if applicable).
² Include both Approved Fund and manager making the trade (if applicable).

[Consented to and]¹⁵ Accepted:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: _____
Title: _____

[Consented to:]¹⁶

[KEYBANK NATIONAL ASSOCIATION,

¹⁵ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
¹⁶ To be added only if the consent of the LC Issuer is required by the terms of the Credit Agreement.

as LC Issuer]

By: _____

Name: _____

Title: _____

Exhibit B – 5

CPAM: 12959353.4

[Consented to:]¹⁷

[SUNRUN SCORPIO PORTFOLIO 2017-A, LLC,
as Borrower]

By: _____

Name: _____

Title: _____

¹⁷ To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

Exhibit B – 6

CPAM: 12959353.4

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

**STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates, the Sponsor, any other Loan Party or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates, the Sponsor, any other Loan Party or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 12.05(b) of the Credit Agreement (subject to such consents, if any, as may be required under Section 12.05(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01(a)(i) or (ii) thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it

will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York without reference to its conflict of laws other than Section 5-1401 of the New York General Obligations Law.

Exhibit C-1
Form of Letter of Credit

DSR LETTER OF CREDIT

[Letterhead of KeyBank National Association]

IRREVOCABLE TRANSFERABLE LETTER OF CREDIT NO. [_____]

Dated: [_____]

APPLICANT:

Sunrun Scorpio Portfolio 2017-A, LLC
595 Market St., 29th Floor
San Francisco, CA 94105
Attention: General Counsel
Fax: (415) 727-3500

BENEFICIARY:

[_____] , as Collateral Agent

[_____] ¹⁸

[_____]

Attention: [_____]

Dear Beneficiary:

At the request of and for the account of Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the "Account Party"), we hereby establish in your favor as beneficiary and in your capacity as Collateral Agent for the Secured Parties (the "Collateral Agent" or "Beneficiary"), pursuant to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Account Party, the financial institutions as Lenders from time to time party thereto (each individually a "Lender" and, collectively, the "Lenders"), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "Administrative Agent") and KeyBank National Association, as LC Issuer, our Irrevocable Transferable Letter of Credit No. [_____] (this "Letter of Credit") whereby, subject to the terms and conditions contained herein, you are hereby irrevocably authorized to draw on KeyBank National Association, by your draft or drafts at sight, up to an aggregate amount not to exceed the Dollar amount for the relevant time period set forth on Schedule 1 hereto (such amount, as it may be reduced in accordance with the terms hereof, the "Stated Amount").

¹⁸ Insert applicable address information.

This Letter of Credit shall be effective immediately and shall expire on the Expiration Date (as hereinafter defined). Partial drawings on this Letter of Credit are permitted.

You may draw upon this Letter of Credit at any time on or prior to the Expiration Date by presenting (a) a sight draft in the form of Exhibit A (a "Sight Draft"), appropriately completed and executed by your authorized officer and (b) a certificate in the form of Exhibit B (a "Certificate"), appropriately completed and executed by your authorized officer.

The Stated Amount shall be reduced by the amount of any paid drawing hereunder. Presentation of any Sight Draft and Certificate shall be made at our office located at KeyBank National Association, 4900 Tiedeman Road, Mailcode: OH-01-49-0455, Cleveland, OH 44144-2302. We hereby agree with you that any Sight Draft and Certificate drawn under and in compliance with the terms of this Letter of Credit shall be duly honored by us upon delivery, if presented on or before our close of business on the Expiration Date at our office specified above.

Provided that a compliant drawing is presented by 12:00 p.m., Eastern Prevailing Time, on any Banking Day, payment shall be made to you of the amount specified in the applicable Sight Draft, not to exceed the Stated Amount, in immediately available funds, not later than 11:00 a.m., Eastern Prevailing Time, on the second following Banking Day. A compliant drawing presented after 12:00 p.m, Eastern Prevailing Time on any Banking Day, will be paid on the third following Banking Day.

As used herein, "Banking Day" shall mean any day other than a Saturday, Sunday or day on which banking institutions are authorized or required to be closed in London, UK, the State of New York, the State of California and Cleveland, Ohio.

If any drawing presented under this Letter of Credit does not comply with the terms and conditions hereof, we will advise you of same by facsimile transmission to []¹⁹ within one (1) Banking Day and give the reasons for such non-compliance. Upon being notified that your drawing was not effected, you may attempt to correct any such non-compliant drawing if, and to the extent that you are entitled and able to do so on or before the Expiration Date.

This Letter of Credit shall expire on October 20, 2018, the date that is the first anniversary of this Letter of Credit (the "Expiration Date"); provided, however, that it is a condition of this Letter of Credit that the Expiration Date shall automatically be extended, without amendment, for additional periods of one year from the present and each future Expiration Date, unless we notify you in writing, by registered mail/return receipt requested, or overnight courier service at least thirty (30) days prior to the then current Expiration Date, that we elect not to extend this Letter of Credit for such additional period of time; provided, further, that in no event shall the Expiration Date automatically extend beyond the date that is the seventh anniversary of the date of this Letter of Credit. Upon receipt of such notice, the Beneficiary may draw hereunder up to the full amount then available under this Letter of Credit by presentation of the Beneficiary's Sight Draft and Certificate.

¹⁹ Insert facsimile number of the Beneficiary.

This Letter of Credit is transferable in its entirety, but not in part, to any transferee who has succeeded you as Collateral Agent. Transfer of this Letter of Credit is subject to our receipt of instruction in the form attached hereto as Exhibit C ("Transfer Credit In Entirety Form"), accompanied by this original Letter of Credit and any amendments hereto. Transfer charges are for the account of the Account Party. This Letter of Credit may not be transferred to any person or entity with which U.S. persons are prohibited from doing business under U.S. foreign assets control regulations or other applicable U.S. laws and regulations.

Only you as the Beneficiary may draw upon this Letter of Credit. Upon the earliest of (i) the honoring by us of the final drawing available to be made hereunder, (ii) our receipt of this outstanding Letter of Credit and all amendments hereto, and a written certificate signed by your authorized officer, in the form of Exhibit D ("Early Cancellation Authority") appropriately completed stating that this Letter of Credit is no longer required by you and may be cancelled prior to the Expiration Date or (iii) the Expiration Date, this Letter of Credit shall automatically terminate and be delivered to us by the Beneficiary for cancellation.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.

This Letter of Credit is issued subject to the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce Publication No. 600 (the "UCP"). The laws of the State of New York shall apply to matters not governed by the UCP.

Very truly yours,

KEYBANK NATIONAL ASSOCIATION

By: _____

Name:

Title:

Exhibit C-1- 3

Schedule 1
to Letter of Credit
No. _____

Schedule 1

Stated Amount: [_____]

Exhibit C-1-4

CPAM: 12959353.4

SIGHT DRAFT

[Date]

KeyBank National Association
Standby Letter of Credit Services
4900 Tiedeman Road
Cleveland, OH 44144
Mailcode: OH-01-49-0455
Fax: (216) 813-3719

Re: Irrevocable Transferable Letter of Credit No. [_____]

At Sight

Pay to _____, as Collateral Agent, in immediately available funds _____ Dollars (\$ _____), pursuant to Irrevocable Transferable Letter of Credit No. _____

[_____] ,
as Collateral Agent

By: _____
Name:
Title:

Please wire draw proceeds per the following instructions:

TO: _____

ABA or ROUTING #: _____
ATTN: _____

REFERENCE: _____
CREDIT ACCOUNT: _____

CERTIFICATE

[Date]

KeyBank National Association
Standby Letter of Credit Services
4900 Tiedeman Road
Cleveland, OH 44144
Mailcode: OH-01-49-0455
Fax: (216) 813-3719

Re: Irrevocable Transferable Letter of Credit No. [_____]

Ladies/Gentlemen:

This certificate is presented in accordance with the terms of your Irrevocable Transferable Letter of Credit No. [_____] held by us (the "Letter of Credit").

We hereby certify that:

1. In connection with that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the "Borrower"), the financial institutions as Lenders from time to time party thereto (each individually a "Lender" and, collectively, the "Lenders"), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "Administrative Agent") and KeyBank National Association, as LC Issuer (each as defined therein), the Beneficiary is making a demand for payment under the Letter of Credit in the sum of US\$_____, which amount, together with all previous drawings honored pursuant to the Letter of Credit, does not exceed the current Stated Amount of the Letter of Credit; and

2. [Beneficiary to make one of the following statements in this paragraph 2:]

[Pursuant to the terms of that certain Depository Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, modified, supplemented or replaced from time to time, the "Depository Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC, as Borrower, KeyBank National Association, as Administrative Agent, Deutsche Bank Trust Company Americas, as Collateral Agent and as Depository Bank (i) the monies on deposit in the Revenue Account are not anticipated by the Administrative Agent to be adequate to pay the amounts required to be paid

Exhibit C-1- 6

pursuant to Section 4.02(b)(iii)(A), Section 4.02(b)(iii)(B)(x) and Section 4.02(b)(iv)(A)(2) of the Depository Agreement, (ii) such insufficient amount is at least in an amount equal to this drawing and (iii) the proceeds of such drawing will be applied to the payment of such insufficient amount.]

or

[LC Issuer has failed to maintain at least one of the following credit ratings (a) “Baa2” or higher from Moody’s, (b) “BBB” or higher from S&P and (c) “BBB” or higher from Fitch and thirty (30) days have elapsed since the LC Issuer failed to maintain such ratings.]

or

[This Letter of Credit has not been replaced at least ten (10) days prior to its stated expiration date.]

3. The amount demanded hereby has been calculated in accordance with the terms of the Depository Agreement.
4. You are hereby directed to pay the amount so demanded to:

[Insert wire transfer instructions for the Debt Service Reserve Account]

This certificate has been executed and delivered by a duly authorized officer of the undersigned on the date first above written.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Exhibit C-1– 7

[_____] ,
as Collateral Agent

By: _____

Name:

Title:

Exhibit C-1- 8

TRANSFER CREDIT IN ENTIRETY FORM

[Date]

KeyBank National Association
Standby Letter of Credit Services
4900 Tiedeman Road
Cleveland, OH 44144
Mailcode: OH-01-49-0455
Fax: (216) 813-3719

Re: Irrevocable Transferable Letter of Credit No. [_____]

Ladies/Gentlemen:

This is a transfer certificate presented in accordance with your Irrevocable Transferable Letter of Credit No. [_____] held by us (the "Letter of Credit").

The undersigned, as beneficiary under the Letter of Credit, hereby irrevocably transfers to _____ [*insert name and address of transferee*] all rights of the undersigned beneficiary to draw under the Letter of Credit. Transferee is successor Collateral Agent pursuant to that certain Collateral Agency and Intercreditor Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, modified, supplemented or replaced from time to time, the "Collateral Agency Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC, KeyBank National Association, as Administrative Agent, Deutsche Bank Trust Company Americas, as Collateral Agent, and each Secured Party from time to time party thereto.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights of the undersigned as beneficiary thereof.

The Letter of Credit and all amendments are returned herewith and ask you to endorse the within transfer on the reverse thereof and forward directly to the Transferee with your customary notice of transfer.

This certificate has been executed and delivered by a duly authorized officer of the undersigned on the date first above written.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Exhibit C-1- 9

[_____] ,
as Collateral Agent

By: _____

Name:

Title:

Exhibit C-1- 10

EARLY CANCELLATION AUTHORITY

[Date]

KeyBank National Association
Standby Letter of Credit Services
4900 Tiedeman Road
Cleveland, OH 44144
Mailcode: OH-01-49-0455
Fax: (216) 813-3719

Ladies/Gentlemen:

This certificate is presented in accordance with your Irrevocable Transferable Letter of Credit No. [_____] held by us (the "Letter of Credit").

The undersigned, as beneficiary under the Letter of Credit, hereby confirms that it is no longer required by us and may be cancelled. The original Letter of Credit and any amendments thereto, accompany this certificate.

This certificate has been executed and delivered by a duly authorized officer of the undersigned on the date first above written.

[_____] ,
as Collateral Agent

By: _____

Name:

Title:

Exhibit C-2
Form of Notice of LC Activity

NOTICE OF LC ACTIVITY

(Delivered pursuant to Section 2.02(b)
of the Credit Agreement)

Dated: _____ 20

KeyBank National Association,
as Administrative Agent and LC Issuer
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***], Senior Vice President
Email: [***]

Cc: KeyBank National Association
Standby Letter of Credit Services
4900 Tiedeman Road
Cleveland, OH 44144
Mailcode: OH-01-49-0455
Fax: (216) 813-3719
Email: Standby_Letter_Of_Credit_Origination@KeyBank.com

Re: Sunrun Scorpio Portfolio 2017-A, LLC

Ladies and Gentlemen:

This irrevocable Notice of LC Activity (this “Certificate”) is delivered to you pursuant to Section 2.02(b) of that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among **SUNRUN SCORPIO PORTFOLIO 2017-A, LLC**, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), **KEYBANK NATIONAL ASSOCIATION**, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and **KEYBANK NATIONAL ASSOCIATION**, as LC Issuer. Capitalized terms used and not defined herein shall have the meanings set forth in Section 1.01 of the Credit Agreement.

²⁰ The Notice of LC Activity shall be delivered by 11:00 a.m. (Cleveland, Ohio time) at least five (5) Business Days before the proposed date of such issuance, extension, increase or decrease of the Stated Amount of the Letter of Credit.

1. We request that the *[Insert description of Letter of Credit]* (the “Letter of Credit”) be [issued][extended][amended] as provided herein. The Stated Amount of the [requested][current] Letter of Credit is the Dollar amount for the relevant time period set forth on Schedule 1 hereto.

[Paragraph 2 to be added in the case of a request for decrease in the Stated Amount of a Letter of Credit]

2. We request that the Stated Amount of the Letter of Credit be decreased to the amount set forth on Schedule 1 hereto.

[Paragraph 3 to be added in the case of a request for increase in the Stated Amount of a Letter of Credit]

3. We request that the Stated Amount of the Letter of Credit be increased to the amount set forth on Schedule 1 hereto.

[Paragraph 4 to be added in the case of a request for extension of a Letter of Credit]

4. We request the Expiration Date of the Letter of Credit be extended from _____ to _____, and such requested Expiration Date does not extend beyond the expiration date in Section 2.02(a)(iii)(B) of the Credit Agreement

[Paragraph 5 to be added in the case of a request for reinstatement of a Letter of Credit]

5. The proposed date of the requested [issuance][extension][amendment][increase in the Stated Amount as set forth on Schedule 1][decrease in the Stated Amount as set forth on Schedule 1] of the Letter of Credit is [_____]²¹.

6. The Expiration Date of the Letter of Credit is _____.

7. The LC Issuer is instructed to deliver the *[Letter of Credit][amended Letter of Credit]*²² / *[notice of [decrease] [increase] in the Stated Amount of the Letter of Credit as reflected on Schedule 1 thereto]*²³ to *[Insert beneficiary of the Letter of Credit]*, at *[Insert address of beneficiary of the Letter of Credit]*.

Borrower hereby certifies to Administrative Agent, the LC Issuer and the Lenders that the following statements are accurate, true and complete as of the date hereof, and will be accurate, true and complete on and as of the proposed date of the requested [issuance] [extension][amendment][decrease in the Stated Amount as reflected on Schedule 1][increase in the Stated Amount as set forth on Schedule 1] of the Letter of Credit:

²¹ The proposed date of such issuance, extension, increase in Stated Amount, or decrease in Stated Amount shall be no less than five (5) Business Days after the date of this Notice of LC Activity and shall be a Business Day.

²² Insert in case of amendment, issuance or extension of a Letter of Credit.

²³ Insert in case of decrease or increase in the Stated Amount of a Letter of Credit.

A. The Letter of Credit requested or modified hereby shall only be used in the manner and for the purposes specified and permitted by the Credit Agreement.

B. Each of the applicable conditions set forth in Section 2.02 and other applicable Sections of the Credit Agreement has been satisfied or waived in accordance with the terms thereof.

[Paragraph C to be added in the case of an increase or decrease in the Stated Amount of a Letter of Credit]

C. Attached hereto is a written confirmation of *[Insert beneficiary of the Letter of Credit]* confirming the [increase][decrease] in the Stated Amount of the Letter of Credit and the updated draft of Schedule 1 thereto.]

[SIGNATURE PAGE FOLLOWS]

Exhibit C-2 – 3

Sincerely,

SUNRUN SCORPIO PORTFOLIO 2017-A, LLC,
a Delaware limited liability company

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

Exhibit C-2 – 4

Schedule 1

Stated Amount: [_____]

Exhibit C-2 – 5

Exhibit D-1
Form of U.S. Tax Compliance Certificate

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC (the "Borrower"), the financial institutions as Lenders from time to time party thereto (each individually a "Lender" and, collectively, the "Lenders"), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "Administrative Agent") and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 4.09 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a withholding certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable). By executing this withholding certificate, the undersigned agrees that (1) if the information provided on this withholding certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and shall provide them with a new withholding certificate with the correct information, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable) in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

Date: _____, 20__

Exhibit D-2
Form of U.S. Tax Compliance Certificate

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC (the "Borrower"), the financial institutions as Lenders from time to time party thereto (each individually a "Lender" and, collectively, the "Lenders"), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "Administrative Agent") and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 4.09 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a withholding certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable). By executing this withholding certificate, the undersigned agrees that (1) if the information provided on this withholding certificate changes, the undersigned shall promptly so inform such Lender in writing and shall provide it with a new withholding certificate with the correct information, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable) in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

Date: _____, 20__

Exhibit D-3
Form of U.S. Tax Compliance Certificate

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”) and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 4.09 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members that are claiming the portfolio interest exemption is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following withholding certificates from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable) from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing its withholding certificate, the undersigned agrees that (1) if the information provided on its withholding certificate changes, the undersigned shall promptly so inform such Lender and shall provide it with a new withholding certificate with such correct information and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective withholding certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

Date: _____, 20__

Exhibit D-3 – 2

CPAM: 12959353.4

Exhibit D-4
Form of U.S. Tax Compliance Certificate

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”) and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 4.09 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)) and (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members that are claiming the portfolio interest exemption is (x) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (y) a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code or (z) a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-BEN-E (whichever is applicable) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-BEN-E (whichever is applicable) from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing its withholding certificate, the undersigned agrees that (1) if the information provided on its withholding certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and shall provide them with a new withholding certificate with the correct information, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective withholding certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____

Name: _____

Title: _____

Date: _____, 20__

Exhibit D-4 – 2

CPAM: 12959353.4

Exhibit E
Form of [***]

[***]

[Date]

The undersigned officer of Sunrun Inc., a Delaware corporation and the sole member of Sunrun Scorpio Holdco 2017, LLC, a Delaware limited liability company, which in turn is the sole member of Sunrun Scorpio Portfolio 2017-B, LLC, a Delaware limited liability company, which in turn is the sole member of Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (“Borrower”), hereby delivers this [***] pursuant to Section 6.29 of that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, “Credit Agreement”), among the Borrower, the financial institutions as Lenders from time to time party thereto, KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and KeyBank National Association, as LC Issuer. Capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The undersigned hereby certifies as of the date hereof on behalf of the Borrower and not in such person’s individual capacity that:

1. A [***] has occurred with respect to one or more [***];
and
2. Attached hereto as Schedule A is a written acknowledgement from each applicable Tax Equity Class A Member in respect of an [***] for which a [***] has occurred, confirming (or evidencing to the satisfaction of the Administrative Agent, in its sole discretion) that such [***] has been eliminated.

[remainder of page intentionally blank]

Exhibit E – 1

IN WITNESS WHEREOF, the undersigned has executed and delivered this [***] and caused it to be delivered as of the date first written above.

SUNRUN SCORPIO PORTFOLIO 2017-A, LLC,
a Delaware limited liability company

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

ACKNOWLEDGED BY:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: _____
Title: _____

Exhibit E – 2

Schedule A

[Tax Equity Class A Member Acknowledgement]

Exhibit E – 3

Exhibit F

[Reserved.]

Exhibit F – 1

Exhibit G

[Reserved.]

Exhibit G – 1

Exhibit H-1
Form of Delayed Draw Loan Note

DELAYED DRAW LOAN NOTE

No. [_____]

[_____], 20[___]

For value received, the undersigned, SUNRUN SCORPIO PORTFOLIO 2017-A, LLC, a Delaware limited liability company (“Borrower”), unconditionally promises to pay to [_____], or its permitted assigns (the “Lender”), the principal amount of [_____ DOLLARS (\$_____)], or if less, the aggregate unpaid and outstanding principal amount of this Delayed Draw Loan Note advanced by the Lender to Borrower pursuant to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Borrower, the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KEYBANK NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and KEYBANK NATIONAL ASSOCIATION, as LC Issuer, and all other amounts owed by Borrower to the Lender hereunder.

Payments of principal of, and interest on, this Delayed Draw Loan Note are to be made to the Administrative Agent for the account of the Lender or as otherwise instructed by the Lender in writing, in lawful money of the United States of America.

This is one of the Delayed Draw Loan Notes referred to in Section 2.04 of the Credit Agreement and is entitled to the benefits thereof and is subject to all terms, provisions and conditions thereof. Capitalized terms used and not defined herein shall have the meanings set forth in Section 1.01 of the Credit Agreement.

This Delayed Draw Loan Note is made in connection with and is secured by, among other instruments, the provisions of the Collateral Documents. Reference is hereby made to the Credit Agreement and the Collateral Documents for the provisions, among others, with respect to the custody and application of the Collateral, the nature and extent of the security provided thereunder, the rights, duties and obligations of Borrower and the rights of the holder of this Delayed Draw Loan Note.

The principal amount hereof is payable in accordance with the Credit Agreement, and such principal amount may be prepaid solely in accordance with the Credit Agreement.

Borrower authorizes the Lender to record on the schedule annexed to this Delayed Draw Loan Note the date and amount of each Delayed Draw Loan made by the Lender and each payment or prepayment of principal thereunder and agrees that all such notations shall constitute *prima facie* evidence of the accuracy of the matters noted. Borrower further authorizes the Lender to attach to and make a part of this Delayed Draw Loan Note any continuations of the schedule

attached thereto as necessary. No failure to make any such notations, nor any errors in making any such notations, shall affect the validity of Borrower's obligations to repay the full unpaid principal amount of the Delayed Draw Loans.

Borrower further agrees to pay, in lawful money of the United States of America and in immediately available funds, interest from the date hereof on the unpaid and outstanding principal amount hereof until such unpaid and outstanding principal amount shall become due and payable (whether at stated maturity, by acceleration or otherwise) at the rates of interest and at the times set forth in the Credit Agreement, and Borrower agrees to pay other fees and costs as stated in the Credit Agreement at the times specified in, and otherwise in accordance with, the Credit Agreement.

If any payment due on this Delayed Draw Loan Note becomes due and payable on a date which is not a Business Day, such payment shall be made on the next succeeding Business Day, in accordance with the Credit Agreement.

Upon the occurrence of any one or more Events of Default, all amounts then remaining unpaid on this Delayed Draw Loan Note may become or be declared to be immediately due and payable as provided in the Credit Agreement and other Loan Documents, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or notices or demands of any kind, all of which are expressly waived by Borrower.

Borrower agrees to pay all costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with the interpretation or enforcement of this Delayed Draw Loan Note, at the times specified in, and otherwise in accordance with, the Credit Agreement.

Except as permitted by the Credit Agreement, this Delayed Draw Loan Note or the indebtedness evidenced hereby may not be assigned by Lender to any other Person. Transfer of this Delayed Draw Loan Note may be effected only by a surrender of the Delayed Draw Loan Note by Lender and either reissuance of the Delayed Draw Loan Note or issuance of a new Delayed Draw Loan Note by the Borrower to the new lender.

THIS DELAYED DRAW LOAN NOTE SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Exhibit H-1 – 2

SUNRUN SCORPIO PORTFOLIO 2017-A, LLC,
a Delaware limited liability company

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____

Name:

Title:

Exhibit H-1 – 3

Exhibit H-2
Form of LC Loan Note

LC LOAN NOTE

No. [_____]

[_____] , 20[___]

For value received, the undersigned, SUNRUN SCORPIO PORTFOLIO 2017-A, LLC, a Delaware limited liability company ("**Borrower**"), unconditionally promises to pay to [_____] , or its permitted assigns (the "**Lender**"), the principal amount of [_____] DOLLARS (\$_____) , or if less, the aggregate unpaid and outstanding principal amount of this LC Loan Note advanced by the Lender to Borrower pursuant to that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among Borrower, the financial institutions as Lenders from time to time party thereto (each individually a "**Lender**" and, collectively, the "**Lenders**"), KEYBANK NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "**Administrative Agent**"), and KEYBANK NATIONAL ASSOCIATION, as LC Issuer, and all other amounts owed by Borrower to the Lender hereunder.

Payments of principal of, and interest on, this LC Loan Note are to be made to the Administrative Agent for the account of the Lender or as otherwise instructed by the Lender in writing, in lawful money of the United States of America.

This is one of the LC Loan Notes referred to in Section 2.04 of the Credit Agreement and is entitled to the benefits thereof and is subject to all terms, provisions and conditions thereof. Capitalized terms used and not defined herein shall have the meanings set forth in Section 1.01 of the Credit Agreement.

This LC Loan Note is made in connection with and is secured by, among other instruments, the provisions of the Collateral Documents. Reference is hereby made to the Credit Agreement and the Collateral Documents for the provisions, among others, with respect to the custody and application of the Collateral, the nature and extent of the security provided thereunder, the rights, duties and obligations of Borrower and the rights of the holder of this LC Loan Note.

The principal amount hereof is payable in accordance with the Credit Agreement, and such principal amount may be prepaid solely in accordance with the Credit Agreement.

Borrower authorizes the Lender to record on the schedule annexed to this LC Loan Note the date and amount of each LC Loan made by the Lender and each payment or prepayment of principal thereunder and agrees that all such notations shall constitute *prima facie* evidence of the accuracy of the matters noted. Borrower further authorizes the Lender to attach to and make a part of this LC Loan Note any continuations of the schedule attached thereto as necessary. No

failure to make any such notations, nor any errors in making any such notations, shall affect the validity of Borrower's obligations to repay the full unpaid principal amount of the LC Loans.

Borrower further agrees to pay, in lawful money of the United States of America and in immediately available funds, interest from the date hereof on the unpaid and outstanding principal amount hereof until such unpaid and outstanding principal amount shall become due and payable (whether at stated maturity, by acceleration or otherwise) at the rates of interest and at the times set forth in the Credit Agreement, and Borrower agrees to pay other fees and costs as stated in the Credit Agreement at the times specified in, and otherwise in accordance with, the Credit Agreement.

If any payment due on this LC Loan Note becomes due and payable on a date which is not a Business Day, such payment shall be made on the next succeeding Business Day, in accordance with the Credit Agreement.

Upon the occurrence of any one or more Events of Default, all amounts then remaining unpaid on this LC Loan Note may become or be declared to be immediately due and payable as provided in the Credit Agreement and other Loan Documents, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or notices or demands of any kind, all of which are expressly waived by Borrower.

Borrower agrees to pay all costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with the interpretation or enforcement of this LC Loan Note, at the times specified in, and otherwise in accordance with, the Credit Agreement.

Except as permitted by the Credit Agreement, this LC Loan Note or the indebtedness evidenced hereby may not be assigned by Lender to any other Person. Transfer of this LC Loan Note may be effected only by a surrender of the LC Loan Note by Lender and either reissuance of the LC Loan Note or issuance of a new LC Loan Note by the Borrower to the new lender.

THIS LC LOAN NOTE SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Exhibit H-2 – 2

SUNRUN SCORPIO PORTFOLIO 2017-A, LLC,
a Delaware limited liability company

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____

Name:

Title:

Exhibit H-2 – 3

Exhibit I
Form of Base Case Model

See file named “Sunrun Scorpio 2017 - Draw Model (2017-10-16) (TLA)” delivered by the Borrower on October 14, 2017.

Exhibit I – 1

CPAM: 12959353.4

Exhibit J
Form of Debt Service Coverage Ratio Certificate

DEBT SERVICE COVERAGE RATIO CERTIFICATE

[____], 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***], Senior Vice President
Email: [***]

Re: Sunrun Scorpio Portfolio 2017-A, LLC

Ladies and Gentlemen:

This certificate (this "Certificate") is delivered to you pursuant to Section 6.01(a)(v) of that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the "Borrower"), the financial institutions as Lenders from time to time party thereto (each individually a "Lender" and, collectively, the "Lenders"), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the "Administrative Agent") and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

The Borrower hereby certifies to the Administrative Agent that, as of the date hereof, attached hereto as Appendix A are calculations showing the Debt Service Coverage Ratio for the twelve-month period ending on the Calculation Date immediately preceding the date of this Certificate (or, if less than twelve months have elapsed since the Closing Date to such Calculation Date, the period from the Closing Date and ending on such Calculation Date), and otherwise calculated in good faith and a manner consistent in all material respects with and supported by the Base Case Model.

[remainder of page intentionally blank]

Exhibit J – 1

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be duly executed and delivered as of the date first written above.

BORROWER:
SUNRUN SCORPIO PORTFOLIO 2017-A, LLC

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

Exhibit J – 2

Appendix A
Debt Service Coverage Ratio Calculations

[Calculations to be attached]

Exhibit J – 3

Exhibit K
Form of Financial Statement Certificate

FINANCIAL OFFICER'S CERTIFICATE

[____], 20__

The undersigned officer²⁴ of Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the “Borrower”) and the indirect owner of [*describe applicable Opcos*] (the “Opcos”), hereby delivers this Financial Officer’s Certificate pursuant to Section 6.01(a)(vi) of that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”), and KeyBank National Association, as LC Issuer. Capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The undersigned hereby certifies as of the date hereof on behalf of the Borrower and each Opco and not in such person’s individual capacity that the [audited Financial Statements of the Borrower and each of the Opcos (on a consolidated basis for the applicable Person and its subsidiaries), with the Financial Statements of each of the Opcos scheduled individually as “Other Financial Information” in the Financial Statements of the Borrower, all for the calendar year ended [____],] [unaudited Financial Statements of the Borrower and each of the Opcos (on a consolidated basis for the applicable Person and its subsidiaries) for the calendar quarter ended [____]], provided to the Administrative Agent pursuant to Section 6.01(a)(i)(ii) of the Credit Agreement, fairly present the financial condition and results of operations of the Borrower and the applicable Opcos on a consolidated basis for the period covered thereby in accordance with GAAP (subject, in the case of any unaudited Financial Statements, to changes resulting from audit and normal year-end adjustments, including the absence of footnotes and subject to validation of individual Subsidiary capital accounts in calculating net loss attributable to noncontrolling interests in conformity with GAAP).

[remainder of page intentionally blank]

²⁴ To be signed by either the chief executive officer or chief financial officer (or other officer with similar duties) of the Borrower and each applicable Opco.

IN WITNESS WHEREOF, the Borrower has caused this Financial Officer's Certificate to be duly executed and delivered as of the date first written above.

BORROWER:
SUNRUN SCORPIO PORTFOLIO 2017-A, LLC

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

OPCO:
[]

By: _____
Name:
Title:

Exhibit K – 2

Exhibit L
Initial Budget

See the “Operating Budget” tab in the file named “Sunrun Scorpio 2017 - Draw Model (2017-10-16) (TLA)” delivered by the Borrower on October 14, 2017.

Exhibit L – 1

CPAM: 12959353.4

Exhibit M
Form of Permitted Fund Disposition Certificate

PERMITTED FUND DISPOSITION CERTIFICATE

[____], 20__²⁵

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***], Senior Vice President
Email: [***]

Deutsche Bank Trust Company Americas, as Collateral Agent
Trust and Agency Services
60 Wall Street, 16th Floor
MS: NYC60 - 1630
New York, NY 10005
Attention: Project Finance Agency Services – Sunrun Scorpio Portfolio 2017-A, LLC
Fax: (732) 578-4636

Re: Sunrun Scorpio Portfolio 2017-A, LLC

Ladies and Gentlemen:

This certificate (this “Permitted Fund Disposition Certificate”) is delivered to you pursuant to the definition of “Permitted Fund Disposition” in that certain Credit Agreement, dated as of October 20, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among Sunrun Scorpio Portfolio 2017-A, LLC, a Delaware limited liability company (the “Borrower”), the financial institutions as Lenders from time to time party thereto (each individually a “Lender” and, collectively, the “Lenders”), KeyBank National Association, as administrative agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the “Administrative Agent”) and KeyBank National Association, as LC Issuer. Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Credit Agreement.

The Borrower hereby gives notice to the Administrative Agent and the Collateral Agent, pursuant to the definition of “Permitted Fund Disposition” in the Credit Agreement, that [*insert name of transferring entity*] (the “Transferor”) will transfer 100% of the Membership Interests in [*insert name of entity being transferred*]²⁶ (the “Transferred Entity”) to [*insert name of transferee*] (the “Transferee”) on [____], 20[____] (the “Transfer Date”).

²⁵ To be delivered at least seven (7) Business Days prior to the date of the Permitted Fund Disposition.

²⁶ Entity being transferred shall be either (a) a Tax Equity Holdco, (b) a Wholly Owned Holdco or (c) a Wholly Owned Opco.

The Borrower hereby certifies to the Administrative Agent that, as of the date hereof and the date of the Permitted Fund Disposition:

- (1) Attached hereto as Appendix A is an updated Base Case Model.
- (2) Attached hereto as Appendix B is an Available Borrowing Base Certificate containing the calculation of the Available Borrowing Base as of the proposed Transfer Date.
- (3) On the Transfer Date, an amount equal to \$[_____] will be paid to the Administrative Agent for application in accordance with Sections 4.03(d) and 4.04 of the Credit Agreement. After giving effect to (a) the prepayment described in the immediately preceding sentence and (b) the Permitted Fund Disposition, the aggregate outstanding principal amount of the Delayed Draw Loans shall not exceed the Available Borrowing Base calculated immediately after giving effect to such Permitted Fund Disposition.
- (4) No Default or Event of Default has occurred and is continuing or would result from the Permitted Fund Disposition.
- (5) This Permitted Fund Disposition, individually or in the aggregate with each other Permitted Fund Disposition, could not reasonably be expected to have a Material Adverse Effect on the Borrower.
- (6) The Debt Service Reserve Account and the Major Maintenance Reserve Account are funded in the required amounts in accordance with the Depository Agreement.
- (7) There are no unreimbursed drawings on a Letter of Credit and there are no outstanding LC Loans.
- (8) The documentation for this Permitted Fund Disposition expressly provides that the Permitted Fund Disposition is without liability or recourse for any reason to any Relevant Party.
- (9) After giving effect to this Permitted Fund Disposition, no Relevant Party shall have any obligation or liability to (a) the Transferred Entity, (b) any Opco transferred (directly or indirectly) on the Transfer Date, (c) the Transferee or (d) any other Person pursuant to any Portfolio Documents in respect of the Transferred Entity or any Opco transferred (directly or indirectly in connection with such Permitted Fund Disposition).
- (10) After giving effect to this Permitted Fund Disposition, no Subsidiary of the Borrower that is being sold, assigned, transferred or disposed of pursuant to such Permitted Fund Disposition shall be party to a Transition Management Agreement with any other Subsidiary of the Borrower.

[remainder of page intentionally blank]

Exhibit M – 2

IN WITNESS WHEREOF, the Borrower has caused this Permitted Fund Disposition Certificate to be duly executed and delivered as of the date first written above.

BORROWER:
SUNRUN SCORPIO PORTFOLIO 2017-A, LLC

By: Sunrun Scorpio Portfolio 2017-B, LLC
Its: Sole Member

By: Sunrun Scorpio Holdco 2017, LLC
Its: Sole Member

By: Sunrun Inc.
Its: Sole Member

By: _____
Name:
Title:

Exhibit M – 3

TAX EQUITY LLC AGREEMENT PROVISIONS RESPECTING EXCESS CAPITAL CONTRIBUTIONS

Limited Liability Company Agreement of [***]: Section 4.06(c)

Schedule IV

Administrative Agent's Office

Administrative Agent Address

KeyBank National Association
127 Public Square
Cleveland, OH 44114
Mailcode: OH-01-27-1122
Attention: [***]
Telephone: [***]
Email: [***]

Administrative Agent Account Information

Bank	[***]
ABA #	[***]
Account Name	[***]
Account Number	[***]
Reference	Sunrun [***]
Attention	Key Agency Services

Schedules to Scorpio Credit Agreement

Schedule 1.01(a)

Tax Equity Documents and Wholly Owned Opco Documents

Master Purchase Agreements	<ol style="list-style-type: none"> 1. Master Purchase Agreement, dated as of [***], by and between the Sponsor and [***], as amended by Amendment No. 1 to Master Purchase Agreement, dated as of [***] 2. Master Purchase Agreement, dated as of [***], by and between the Sponsor and [***], as amended by (i) Amendment No. 1 to the Master Purchase Agreement, dated as of [***] and (ii) Amendment No. 2 to the Master Purchase Agreement, dated as of [***] 3. Master Purchase Agreement, dated as of [***], by and between the Sponsor and [***], as amended by (i) Amendment No. 1 to the Master Purchase Agreement, dated as of [***], (ii) Amendment No. 2 to the Master Purchase Agreement, dated as of [***] and (iii) Amendment No. 3 to the Master Purchase Agreement, dated as of [***] 4. Amended and Restated Master Purchase Agreement, dated as of [***], by and between [***] and [***]
Tax Equity Back-Up Servicing Agreements	<ol style="list-style-type: none"> 1. Back-Up Servicing Agreement, dated as of [***], by and among the Sponsor, [***], and [***], as Back-Up Servicer 2. Back-Up Servicing Agreement, dated as of [***], by and among the Sponsor, [***], and [***], as Back-Up Servicer
Tax Equity Opco O&M Agreements	<ol style="list-style-type: none"> 1. Master Operation, Maintenance and Administration Agreement, dated as of [***], by and between the Sponsor and [***] 2. Master Operation, Maintenance and Administration Agreement, dated as of [***], by and between the Sponsor and [***] 3. Master Operation, Maintenance and Administration Agreement, dated as of [***], by and between the Sponsor and [***], as amended by (i) Amendment No. 1 to the Master Operation, Maintenance and Administration Agreement, dated as of [***] and (ii) Amendment No. 2 to the Master Operation, Maintenance and Administration Agreement, dated as of [***] 4. Master Operation, Maintenance and Administration Agreement, dated as of [***], by and between the Sponsor and [***], as amended by (i) Amendment No. 1 to the Master Operation, Maintenance and Administration Agreement, dated as of [***], (ii) Amendment No. 2 to the Master Operation, Maintenance and Administration Agreement, dated as of [***], and (iii) Amendment No. 3 to the Master Operation, Maintenance and Administration Agreement, dated as of [***]
Tax Equity Transition Management Agreements	<ol style="list-style-type: none"> 1. Transition Manager Agreement, dated as of [***], by and among [***], the Sponsor and [***], as Transition Manager
Tax Equity Account Agreements	<ol style="list-style-type: none"> 1. Blocked Account Control Agreement, dated as of [***], by and among [***] and [***], as Tax Equity Depository Bank 2. Blocked Account Control Agreement, dated as of [***], by and among [***], and [***], as Tax Equity Depository Bank
Wholly Owned Opco Back-Up Servicing Agreements	None.
Wholly Owned Opco Documents	None.

Wholly Owned Opco O&M Agreements	None.
Wholly Owned Opco Transition Management Agreements	None.

Schedules to Scorpio Credit Agreement

Schedule 1.01(b)
Approved Vendor List

Panels

[***]
[***]
[***]
[***]
[***]
[***]
[***]
[***]
[***]
[***]
[***]
[***]

Inverters

[***]
[***]
[***]
[***]
[***]
[***]
[***]
[***]

Batteries

[***]
[***]

Schedule 2.01

Lenders' Commitments

DELAYED DRAW LENDERS	Delayed Draw Commitment
KeyBank National Association	[***]
ING Capital LLC	[***]
BankUnited, N.A.	[***]
CDPQ American Fixed Income V Inc.	[***]
Deutsche Bank AG, New York Branch	[***]
Silicon Valley Bank	[***]
ZB, National Association dba National Bank of Arizona	[***]
Total	\$234,500,000.00

LC LENDERS	LC Commitment
KeyBank National Association	\$10,000,000.00
Total	\$10,000,000.00

Schedules to Scorpio Credit Agreement

Schedule 5.03(e)

Organizational Structure

Tax Equity Fund	Designation	Entity	Characterization
[***]	[***]	[***]	[***]
		[***]	[***]
[***]	[***]	[***]	[***]
		[***]	[***]
[***]	[***]	[***]	[***]
		[***]	[***]
[***]	[***]	[***]	[***]
		[***]	[***]
[***]	[***]	[***]	[***]

Each IRR Partnership Flip Opco and Date Certain Partnership Flip Opco listed above is also hereby designated a Tax Equity Opco.

[***]

Schedule 5.03(f)

Loan Parties; Tax Equity Opcos; Ownership Percentages

<u>Entity Name</u>	<u>Jurisdiction</u>	<u>Registered Owner</u>	<u>Percentage of Ownership</u>
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***

Schedule 5.04

Governmental Authorization; Compliance with Laws

None.

Schedules to Scorpio Credit Agreement

Schedule 5.08

Financial Statement Exceptions

None.

Schedules to Scorpio Credit Agreement

Schedule 5.10

Litigation; Adverse Facts

1. In July 2012, the Department of Treasury and the Department of Justice (together, the “Government”) opened a civil investigation into the participation by residential solar developers in the Section 1603 grant program. The Government served subpoenas on several developers, including Sunrun, along with their investors and valuation firms. At Sunrun’s request, the Government later reduced substantially the scope of its subpoena and permitted Sunrun to produce a limited set of documents. Sunrun has completed its production of these documents. The Government asked few follow-up questions about Sunrun’s production and confirmed that it has made no decisions regarding Sunrun’s participation in the Section 1603 grant program. Sunrun presented its view of solar system valuation to the Government over the course of two meetings, on December 10, 2013 and March 7, 2014. At the conclusion of the March 7, 2014 meeting, and at a follow-up meeting the following week, the Government conceded that it does not currently have a theory of liability or damages. On June 23, 2014 the Government contacted Sunrun with additional requests for documents and information. Sunrun has completed its production of these documents. Sunrun is cooperating fully with the Government’s investigation by engaging in collaborative discussions regarding the appropriate methodology for valuing solar projects in Section 1603 grant applications. Sunrun notes that it was both transparent and collaborative with the Department of Treasury regarding its valuation methodology at the time it submitted its 1603 grant applications, and firmly believes the valuations it submitted to the Department of Treasury were correct.
2. On April 13, 2016, a purported shareholder class action captioned *Pytel v. Sunrun Inc., et al.*, Case No. CIV 538215, was filed in the Superior Court of California, County of San Mateo, against the Company, certain of the Company’s directors and officers, the underwriters of the Company’s initial public offering and certain other defendants. The complaint generally alleges that the defendants violated Sections 11, 12 and 15 of the Securities Act of 1933 by making false or misleading statements in connection with the Company’s August 5, 2015 initial public offering regarding the continuation of net metering programs. The plaintiffs seek to represent a class of persons who acquired the Company’s common stock pursuant or traceable to the initial public offering. Plaintiffs seek compensatory damages, including interest, rescission or rescissory damages, an award of reasonable costs and attorneys’ fees, and any equitable or injunctive relief deemed appropriate by the court. On April 21, 2016, a purported shareholder class action captioned *Mancy v. Sunrun Inc., et al.*, Case No. CIV 538303, was filed in the Superior Court of California, County of San Mateo. On April 22, 2016, a purported shareholder class action captioned *Brown et al. v. Sunrun Inc., et al.*, Case No. CIV 538311, was filed in the Superior Court of California, County of San Mateo. On April 29, 2016, a purported shareholder class action captioned *Baker et al. v. Sunrun Inc., et al.*, Case No. CIV 538419, was filed in the Superior Court of California, County of San Mateo. On May 10, 2016, a purported shareholder class action captioned *Nunez v. Sunrun Inc., et al.*, Case No. CIV 538593, was filed in the Superior Court of California, County of San Mateo. On June 10, 2016, a purported shareholder class action captioned *Steinberg v. Sunrun Inc., et al.*, Case No. 539064, was filed in the Superior Court of California, County of San Mateo.

On September 26, 2016, the *Baker, Brown, Cohen, Mancy, Nunez, Pytel* and *Steinberg* actions were consolidated. On September 14, 2017, the Superior Court of California, County of San Mateo granted Mancy's request to voluntarily dismiss the *Mancy v. Sunrun Inc., et al.*, Case No. CIV 538303 action. On September 17, 2017, the Superior Court of California, County of San Mateo granted Steinberg's request to voluntarily dismiss the *Steinberg v. Sunrun Inc., et al.*, Case No. 539064 action. On October 4, 2017, the Superior Court of California, County of San Mateo granted Brown et al.'s request to voluntarily dismiss the *Brown et al. v. Sunrun Inc., et al.* action.

The *Baker* and *Nunez* complaints are substantially similar to the *Pytel* complaint, and seek similar relief against similar defendants on behalf of the same purported class.

On April 21, 2016, a purported shareholder class action captioned *Cohen, et al. v. Sunrun Inc., et al.*, Case No. CIV 538304, was filed in the Superior Court of California, County of San Mateo, against the Company, certain of the Company's directors and officers, and the underwriters of the Company's initial public offering. The complaint generally alleges that the defendants violated Sections 11, 12 and 15 of the Securities Act of 1933 by making false or misleading statements in connection with an August 5, 2015 initial public offering regarding the Company's business practices and its dependence on complex financial instruments. The *Cohen* plaintiffs seek to represent the same class and seek similar relief as the plaintiffs in the *Pytel, Nunez* and *Baker* actions.

3. On November 11, 2015, a purported class action captioned *Slovin et al. v. Sunrun Inc. and Clean Energy Experts, LLC*, Case No. 3:15-cv-05340, was filed in the United States District Court, Northern District of California. The complaint generally alleges violations of the Telephone Consumer Protection Act. The plaintiffs seek to represent the following five classes: (1) persons who received a non-emergency call on or on behalf of the Company to their cellular phone through the use of an automatic telephone dialing system and/or an artificial or pre-recorded voice system, (2) persons who received a non-emergency call from or on behalf of the Company to their residential telephone line using an artificial or prerecorded voice to deliver a message, (3) persons whose telephone number was registered with the national Do-Not-Call registry for at least thirty days, who received more than one telephone call from or on behalf of the Company that promoted solar energy products or services, (4) persons who requested that their telephone numbers be placed on the Company's do not call list who received a call to their telephone by or on behalf of the Company, and (5) persons in California who received a call from or on behalf of the Company which played a prerecorded message(s) without an unrecorded, natural voice first informing the person answering the name and organization of the caller and either the address or telephone number of the caller. The plaintiff seeks statutory damages, equitable and injunctive relief, and attorneys' fees and costs, on behalf of the purported class members.
4. On May 3, 2017, a purported shareholder class action captioned *Fink, et al. v. Sunrun Inc., et al.*, Case No. 3:17-cv-02537, was filed in the United States District Court, Northern District of California, against the Company and certain of the Company's directors and officers. The complaint generally alleges that the defendants violated Sections 10(b) and

20(a) of the Exchange Act of 1934, and Securities and Exchange Commission Rule 10b-5, by making false or misleading statements in connection with public filings made between September 15, 2015 and March 8, 2017 regarding the number of customers who canceled contracts after signing up for the Company's home-solar energy system. On May 4, 2017, a purported shareholder class action captioned *Hall, et al. v. Sunrun Inc., et al.*, Case No. 3:17-cv-02571, was filed in the United States District Court, Northern District of California. On May 18, 2017, a purported shareholder class action captioned *Sanogo, et al. v. Sunrun Inc., et al.*, Case No. 3:17-cv-02865, was filed in the United States District Court, Northern District of California. The *Hall* and *Sanogo* complaints are substantially similar to the *Fink* complaint, and seek similar relief against similar defendants on behalf of a substantially similar class. On August 23, 2017, the *Fink*, *Hall*, and *Sanogo* actions were consolidated, and on September 25, 2017, Plaintiffs filed a consolidated amended complaint.

5. On June 29, 2017, Plaintiffs law firm Reich, Radcliffe & Hoover LLP filed a shareholder derivative complaint in the United States District Court, Northern District of California, *Barbara Sue Sklar Living Trust v. Sunrun Inc., et al.* Sunrun retained Morrison & Foerster LLP to defend the matter. The complaint generally alleges that the defendants violated Section 14(a) of the Exchange Act of 1934, by making false or misleading statements in connection with its financial and proxy statements made between September 10, 2015 and May 3, 2017 regarding the number of customers who canceled contracts after signing up for the Company's home-solar energy system. The Plaintiff seeks, among other things, damages in favor of the Company, certain corporate actions to purportedly improve the Company's corporate governance, and an award of costs and expenses to the putative plaintiff stockholder, including attorneys' fees. The Company is unable to estimate the possible loss, if any, associated with this litigation.

Schedule 5.11

Taxes

None.

Schedules to Scorpio Credit Agreement

Schedule 5.14

Insurance

1. [***] – Solar Generating Equipment Property Coverage
2. [***] – Primary General Liability
3. [***] – Automobile Liability
4. [***] – Excess Casualty
5. [***] – Excess Automobile Liability
6. [***] – Excess Casualty and Automobile Liability
7. [***] – Excess Casualty and Automobile Liability
8. [***] – Workers Compensation

Schedule 5.19

Broker's Fee

None.

Schedules to Scorpio Credit Agreement

Schedule 5.23(f)

Portfolio Document Exceptions

None.

Schedules to Scorpio Credit Agreement

Schedule A

Project Information

See file named "Sunrun Scorpio 2017 - Draw Data Tape (2017-10-16) (External)" delivered by the Borrower on October 12, 2017.

Schedules to Scorpio Credit Agreement

Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements

- Form S-8 (No. 333-206120) pertaining to the Sunrun Inc. 2015 Equity Incentive Plan, Sunrun Inc. 2015 Employee Stock Purchase Plan, Sunrun Inc. 2014 Equity Incentive Plan, Sunrun Inc. 2013 Equity Incentive Plan, Sunrun Inc. 2008 Equity Incentive Plan, and Mainstream Energy Corporation 2009 Stock Plan of Sunrun, Inc.
- Form S-8 (No. 333-211356) pertaining to the Sunrun Inc. 2015 Equity Incentive Plan and Sunrun Inc. 2015 Employee Stock Purchase Plan
- Form S-8 (No. 333-217869) pertaining to the Sunrun Inc. 2015 Equity Incentive Plan and Sunrun Inc. 2015 Employee Stock Purchase Plan
- Form S-3 (No. 333-222099) pertaining to the registration of common stock, preferred stock, debt securities, and warrants

of our report dated March 6, 2018, with respect to the consolidated financial statements of Sunrun Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2017.

/s/ Ernst & Young LLP

San Francisco, California

March 6, 2018

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn Jurich, certify that:

1. I have reviewed this Annual Report on Form 10-K of Sunrun Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2018

By: _____ /s/ Lynn Jurich
Lynn Jurich
Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bob Komin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Sunrun Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2018

By: _____ /s/ Bob Komin

Bob Komin
Chief Financial Officer
(Principal Accounting and Financial Officer)

**Certifications Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Sunrun Inc. (the "Company") hereby certifies that the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 6, 2018

By: /s/ Lynn Jurich

Lynn Jurich

**Chief Executive Officer and Director
(Principal Executive Officer)**

By: /s/ Bob Komin

Bob Komin

**Chief Financial Officer
(Principle Accounting and Financial Officer)**