

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

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

Commission File Number: 001-36642

**VIVINT SOLAR, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
1800 West Ashton Blvd.  
Lehi, UT  
(Address of principal executive offices)

45-5605880  
(I.R.S. Employer  
Identification Number)

84043  
(Zip Code)

Registrant's telephone number, including area code: (877) 404-4129

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a small reporting company)	Small reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

As of August 1, 2018, 118,599,228 shares of the registrant's common stock were outstanding.

Vivint Solar, Inc.  
Quarterly Report on Form 10-Q  
TABLE OF CONTENTS

	Page
<b><u>PART I – FINANCIAL INFORMATION</u></b>	
<b>Item 1.</b>	2
<a href="#">Financial Statements</a>	2
<a href="#">Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017</a>	2
<a href="#">Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017</a>	3
<a href="#">Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2018 and 2017</a>	4
<a href="#">Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017</a>	5
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	6
<b>Item 2.</b>	27
<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	27
<b>Item 3.</b>	41
<a href="#">Quantitative and Qualitative Disclosure About Market Risk</a>	41
<b>Item 4.</b>	42
<a href="#">Controls and Procedures</a>	42
<b><u>PART II – OTHER INFORMATION</u></b>	
<b>Item 1.</b>	43
<a href="#">Legal Proceedings</a>	43
<b>Item 1A.</b>	43
<a href="#">Risk Factors</a>	43
<b>Item 6.</b>	69
<a href="#">Exhibits</a>	69
	70
<a href="#">Signatures</a>	70

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Vivint Solar, Inc.  
 Condensed Consolidated Balance Sheets  
 (In thousands, except par value and footnote 1)  
 (Unaudited)

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 174,006	\$ 108,452
Accounts receivable, net	24,354	19,665
Inventories	13,135	22,597
Prepaid expenses and other current assets	25,620	34,049
Total current assets	237,115	184,763
Restricted cash and cash equivalents	66,694	46,486
Solar energy systems, net	1,784,800	1,673,532
Property and equipment, net	12,018	15,078
Intangible assets, net	595	862
Prepaid tax asset, net	—	505,883
Other non-current assets, net	28,064	37,325
TOTAL ASSETS (1)	\$ 2,129,286	\$ 2,463,929
<b>LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 44,435	\$ 40,736
Accounts payable—related party	73	163
Distributions payable to non-controlling interests and redeemable non-controlling interests	10,114	16,437
Accrued compensation	18,015	20,992
Current portion of long-term debt	10,018	13,585
Current portion of deferred revenue	22,108	41,846
Current portion of capital lease obligation	2,758	4,166
Accrued and other current liabilities	26,090	29,675
Total current liabilities	133,611	167,600
Long-term debt, net of current portion	1,110,044	925,964
Deferred revenue, net of current portion	12,027	29,200
Capital lease obligation, net of current portion	957	1,599
Deferred tax liability, net	385,907	342,382
Other non-current liabilities	16,870	13,674
Total liabilities (1)	1,659,416	1,480,419
Commitments and contingencies (Note 17)		
Redeemable non-controlling interests	122,647	122,444
Stockholders' equity:		
Common stock, \$0.01 par value—1,000,000 authorized, 118,477 shares issued and outstanding as of June 30, 2018; 1,000,000 authorized, 115,099 shares issued and outstanding as of December 31, 2017	1,185	1,151
Additional paid-in capital	567,372	559,788
Accumulated other comprehensive (loss) income	(3,185)	6,905
(Accumulated deficit) retained earnings	(258,899)	213,107
Total stockholders' equity	306,473	780,951
Non-controlling interests	40,750	80,115
Total equity	347,223	861,066
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY	\$ 2,129,286	\$ 2,463,929

(1) The Company's assets as of June 30, 2018 and December 31, 2017 include \$1,630.2 million and \$1,516.2 million consisting of assets of variable interest entities, or VIEs, that can only be used to settle obligations of the VIEs. These assets include solar energy systems, net, of \$1,577.1 million and \$1,486.0 million as of June 30, 2018 and December 31, 2017; cash and cash equivalents of \$29.2 million and \$17.3 million as of June 30, 2018 and December 31, 2017; accounts receivable, net, of \$14.4 million and \$5.1 million as of June 30, 2018 and December 31, 2017; other non-current assets, net of \$8.3 million and \$6.8 million as of June 30, 2018 and December 31, 2017; and prepaid expenses and other current assets of \$1.2 million and \$1.0 million as of June 30, 2018 and December 31, 2017. The Company's liabilities as of June 30, 2018 and December 31, 2017 included \$26.5 million and \$58.4 million of liabilities of VIEs whose creditors have no recourse to the Company. These liabilities include distributions payable to non-controlling interests and redeemable non-controlling interests of \$10.1 million and \$16.4 million as of June 30, 2018 and December 31, 2017; deferred revenue of \$10.8 million and \$36.0 million as of June 30, 2018 and December 31, 2017; accrued and other current liabilities of \$4.5 million as of June 30, 2018 and December 31, 2017; and other non-current liabilities of \$1.1 million and \$1.4 million as of June 30, 2018 and December 31, 2017. For further information see Note 12—Investment Funds.

See accompanying notes to condensed consolidated financial statements.

**Vivint Solar, Inc.**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Revenue:</b>				
Operating leases and incentives	\$ 54,765	\$ 43,413	\$ 85,879	\$ 73,802
Solar energy system and product sales	26,033	29,582	63,169	52,307
Total revenue	<u>80,798</u>	<u>72,995</u>	<u>149,048</u>	<u>126,109</u>
<b>Cost of revenue:</b>				
Cost of revenue—operating leases and incentives	41,366	33,763	80,053	68,833
Cost of revenue—solar energy system and product sales	18,990	22,831	45,035	41,496
Total cost of revenue	<u>60,356</u>	<u>56,594</u>	<u>125,088</u>	<u>110,329</u>
Gross profit	<u>20,442</u>	<u>16,401</u>	<u>23,960</u>	<u>15,780</u>
<b>Operating expenses:</b>				
Sales and marketing	14,033	9,411	25,158	18,229
Research and development	511	895	997	1,791
General and administrative	21,879	20,301	41,730	40,880
Amortization of intangible assets	130	139	266	279
Total operating expenses	<u>36,553</u>	<u>30,746</u>	<u>68,151</u>	<u>61,179</u>
Loss from operations	(16,111)	(14,345)	(44,191)	(45,399)
Interest expense	11,336	16,838	28,258	31,559
Other (income) expense, net	(4,109)	715	(6,370)	991
Loss before income taxes	(23,338)	(31,898)	(66,079)	(77,949)
Income tax expense	35,352	5,156	53,995	14,557
Net loss	<u>(58,690)</u>	<u>(37,054)</u>	<u>(120,074)</u>	<u>(92,506)</u>
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(76,806)	(42,034)	(125,214)	(110,778)
Net income available to common stockholders	<u>\$ 18,116</u>	<u>\$ 4,980</u>	<u>\$ 5,140</u>	<u>\$ 18,272</u>
<b>Net income available per share to common stockholders:</b>				
Basic	\$ 0.16	\$ 0.04	\$ 0.04	\$ 0.16
Diluted	\$ 0.15	\$ 0.04	\$ 0.04	\$ 0.16
<b>Weighted-average shares used in computing net income available per share to common stockholders:</b>				
Basic	116,650	112,351	115,907	111,562
Diluted	<u>121,753</u>	<u>117,570</u>	<u>120,969</u>	<u>116,988</u>

See accompanying notes to condensed consolidated financial statements.

**Vivint Solar, Inc.**  
**Condensed Consolidated Statements of Comprehensive Income**  
(In thousands)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income available to common stockholders	\$ 18,116	\$ 4,980	\$ 5,140	\$ 18,272
Other comprehensive loss:				
Unrealized (losses) gains on cash flow hedging instruments (net of tax effect of \$(223), \$(727), \$1,171 and \$(745))	(602)	(1,087)	3,147	(1,115)
Less: Interest income (expense) on derivatives recognized into earnings (net of tax effect of \$6,058, \$3, \$6,161 and \$(57))	16,277	4	16,555	(86)
Total other comprehensive loss	(16,879)	(1,083)	(13,408)	(1,201)
Comprehensive income (loss)	<u>\$ 1,237</u>	<u>\$ 3,897</u>	<u>\$ (8,268)</u>	<u>\$ 17,071</u>

See accompanying notes to condensed consolidated financial statements.

**Vivint Solar, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	Six Months Ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (120,074)	\$ (92,506)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	33,174	29,039
Amortization of intangible assets	266	279
Deferred income taxes	54,173	65,255
Stock-based compensation	6,781	7,252
Loss on solar energy systems and property and equipment	3,025	3,766
Non-cash interest and other expense	13,656	5,311
Reduction in lease pass-through financing obligation	(2,164)	(1,995)
(Gains) losses on interest rate swaps	(1,279)	993
Changes in operating assets and liabilities:		
Accounts receivable, net	(4,689)	(9,015)
Inventories	9,462	(4,856)
Prepaid expenses and other current assets	8,276	21,373
Prepaid tax asset, net	—	(43,106)
Other non-current assets, net	(6,613)	(6,025)
Accounts payable	1,898	(115)
Accrued compensation	(2,329)	(2,022)
Deferred revenue	(10,514)	6,669
Accrued and other liabilities	(1,915)	6,279
Net cash used in operating activities	(18,866)	(13,424)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for the cost of solar energy systems	(146,247)	(145,033)
Payments for property and equipment	(65)	(633)
Proceeds from disposals of solar energy systems and property and equipment	1,843	1,100
Net cash used in investing activities	(144,469)	(144,566)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from investment by non-controlling interests and redeemable non-controlling interests	108,287	115,514
Distributions paid to non-controlling interests and redeemable non-controlling interests	(28,558)	(22,480)
Proceeds from long-term debt	876,000	273,750
Payments on long-term debt	(689,320)	(159,304)
Payments for debt issuance and deferred offering costs	(17,715)	(13,410)
Proceeds from lease pass-through financing obligation	1,497	1,487
Principal payments on capital lease obligations	(1,931)	(2,343)
Proceeds from issuance of common stock	837	233
Net cash provided by financing activities	249,097	193,447
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS</b>	<b>85,762</b>	<b>35,457</b>
<b>CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS—Beginning of period</b>	<b>154,938</b>	<b>123,439</b>
<b>CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS—End of period</b>	<b>\$ 240,700</b>	<b>\$ 158,896</b>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Accrued distributions to non-controlling interests and redeemable non-controlling interests	\$ (6,323)	\$ (6,721)
Costs of solar energy systems included in changes in accounts payable, accounts payable—related party, accrued compensation and accrued and other liabilities	\$ (119)	\$ (6,335)
Vehicles acquired under capital leases	\$ 619	\$ 369
Receivable for state tax credits recorded as a reduction to solar energy system costs	\$ 9	\$ 87

See accompanying notes to condensed consolidated financial statements.

**Vivint Solar, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. Organization**

Vivint Solar, Inc. and its subsidiaries are collectively referred to as the "Company." The Company most commonly offers solar energy to residential customers through long-term customer contracts, such as power purchase agreements ("PPAs") and legal-form leases ("Solar Leases"). The Company also offers its customers the option to purchase solar energy systems ("System Sales") through third-party loan offerings or a cash purchase. The Company enters into customer contracts through a sales organization that primarily uses a direct-to-home sales model. The long-term customer contracts under PPAs and Solar Leases are typically for 20 years and require the customer to make monthly payments to the Company.

The Company has formed various investment funds and entered into long-term debt facilities to monetize the recurring customer payments under its long-term customer contracts and the investment tax credits, accelerated tax depreciation and other incentives associated with residential solar energy systems. The Company uses the cash received from the investment funds, long-term debt facilities and cash generated from operations, including System Sales, to finance a portion of the Company's variable and fixed costs associated with installing solar energy systems.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's annual report on Form 10-K dated as of March 7, 2018. The unaudited condensed consolidated financial statements were prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments (all of which were considered of normal recurring nature) considered necessary to present fairly the Company's financial results. The results of the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2018 or for any other interim period or other future year.

The unaudited condensed consolidated financial statements reflect the accounts and operations of the Company and those of its subsidiaries in which the Company has a controlling financial interest. The Company uses a qualitative approach in assessing the consolidation requirement for variable interest entities ("VIEs"). This approach focuses on determining whether the Company has the power to direct the activities of the VIE that most significantly affect the VIE's economic performance and whether the Company has the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE. All of these determinations involve significant management judgments and estimates. The Company has determined that it is the primary beneficiary in the operational VIEs in which it has an equity interest. The Company evaluates its relationships with the VIEs on an ongoing basis to ensure that it continues to be the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation. For additional information, see Note 12—Investment Funds.

Certain prior period amounts have been reclassified to conform to current year presentation. These reclassifications did not have a significant impact on the consolidated financial statements.

***Use of Estimates***

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. The Company regularly makes significant estimates and assumptions including, but not limited to, investment tax credits ("ITCs"); revenue recognition; solar energy systems, net; the impairment analysis of long-lived assets; stock-based compensation; the provision for income taxes; the valuation of derivative financial instruments; the recognition and measurement of loss contingencies; and non-controlling interests and redeemable non-controlling interests. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ materially from those estimates.

### **Liquidity**

In order to grow, the Company requires cash to finance the deployment of solar energy systems. As of the date of this filing, the Company will require additional sources of cash beyond current cash balances, and currently available financing facilities to fund long-term planned growth. If the Company is unable to secure additional financing when needed, or upon desirable terms, the Company may be unable to finance installation of customers' systems in a manner consistent with past performance, cost of capital could increase, or the Company may be required to significantly reduce the scope of operations, any of which would have a material adverse effect on its business, financial condition, results of operations and prospects. While the Company believes additional financing is available and will continue to be available to support current levels of operations, the Company believes it has the ability and intent to reduce operations to the level of available financial resources for at least the next 12 months from the date of this report, if necessary.

### **Revenue from Contracts with Customers**

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, and its various updates ("Topic 606") effective January 1, 2018 using the modified retrospective method with a cumulative adjustment to retained earnings as of January 1, 2018. As such, only the current period presented in the Company's condensed consolidated statements of operations has been reported using the new revenue standard. The Company has applied Topic 606 to all customer contracts not completed by the initial date of application.

The Company currently accounts for PPAs, Solar Leases, and associated rebates and incentives as minimum lease payments from operating leases under ASC 840, *Leases*. However, the Company has determined that these agreements do not meet the definition of a lease under ASC 842, *Leases*, and these agreements will be accounted for in accordance with Topic 606 after the adoption of ASC 842. The revenue associated with these contracts with customers is currently shown together on the condensed consolidated statement of operations as revenue from operating leases and incentives. The Company will adopt ASC 842 effective January 1, 2019. The Company has determined that under Topic 606 there will be no change from current revenue recognition practices for its PPA revenue stream. For the Company's Solar Leases, the Company has concluded that the impact of adopting Topic 606 will be immaterial. Revenue from all of the Company's Solar Leases will be recognized on a straight-line basis over the contractual term; currently a significant majority of Solar Leases are already recognized on a straight-line basis. The Company has also concluded that there will be no material change related to the timing of revenue recognition for rebates and incentives.

The Company has analyzed the impact of Topic 606 on System Sales and other product sales and has concluded that the revenue recognition associated with these product sales did not change in the condensed consolidated financial statements. The Company will continue to show this revenue stream as solar energy system and product sales in the condensed consolidated statement of operations. The Company's principal performance obligation for System Sales is to design and install a solar energy system that is interconnected to the local power grid and granted permission to operate to the customer. When the solar energy system has been granted permission to operate, the customer retains all of the significant risks and rewards of ownership of the solar energy system. For certain System Sales, the Company provides limited post-sale services to monitor the productivity of the solar energy system for 20 years after it has been placed in service. The Company collects cash during the installation process and recognizes revenue for System Sales and other product sales at the placed in-service date or product delivery date less any revenue allocated to monitoring services. The Company allocates a portion of the transaction price to the monitoring services by estimating the fair market price that the Company would charge for these services if offered separately from the sale of the solar energy system. As of June 30, 2018 and December 31, 2017, the Company had allocated deferred revenue of \$2.7 million and \$2.1 million to monitoring services that will be recognized over the term of the monitoring services. All costs to obtain and fulfill contracts associated with System Sales and other product sales are expensed as a cost of revenue when the Company has fulfilled its performance obligation and the products have been placed into service or delivered to the customer.

The Company has assessed the impact of Topic 606 as it relates to the sales of ITCs through its lease pass-through fund arrangement. The Company has concluded that revenue related to the sale of ITCs through its lease pass-through arrangement is recognized when the related solar energy systems are placed in service as the Company has completed its performance obligation to transfer ITCs to the fund investors at that time. The fund investors contributed cash to the investment fund during the installation process as payment for the ITCs. The transaction price for the ITCs was estimated using the tax credit rate of 30% multiplied by the fair market value of the solar energy systems that were placed into service in the lease pass-through fund. All of the related solar energy systems were placed in service and all related revenue would have been recognized prior to September 30, 2016 under Topic 606. Prior to the adoption of Topic 606, the Company recognized this revenue evenly over the five-year ITC recapture period. This earlier recognition of the ITC lease pass-through revenue decreased revenue for the three and six months ended June 30, 2018 by \$0.9 million and \$3.2 million and would have decreased revenue for the three and six months ended June 30, 2017 by \$0.9 million and \$3.2 million. As all ITC sales revenue would have been recognized prior to September 30, 2016 under Topic 606, there is no deferred revenue related to ITC sales recorded after the adoption date of January 1, 2018, and there would have been no deferred revenue as of December 31, 2017. As shown below, the cumulative adjustment related to ITC revenue recognized into retained earnings, net of tax, as of January 1, 2018 was \$19.2 million.

As noted above, the Company adopted Topic 606 on a modified retrospective basis. However, if the Company adjusted the comparative period to reflect the adoption of Topic 606, the following adjustments would have been made to the condensed consolidated statement of operations for the three and six months ended June 30, 2017 (in thousands, except per share data):

	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	As Previously Reported	Revenue Adjustment	As Adjusted	As Previously Reported	Revenue Adjustment	As Adjusted
Revenue	\$ 72,995	\$ (865)	\$ 72,130	\$ 126,109	\$ (3,229)	\$ 122,880
Income tax expense	5,156	(234)	4,922	14,557	(875)	13,682
Net income available to common shareholders	4,980	(631)	4,349	18,272	(2,354)	15,918
Diluted earnings per share	0.04	(0.01)	0.03	0.16	(0.02)	0.14

Additionally, the following adjustments would have been made to the condensed consolidated balance sheet as of December 31, 2017 (in thousands):

	As Previously Reported	Revenue Adjustment	As Adjusted
Current portion of deferred revenue	\$ 41,846	\$ (7,707)	\$ 34,139
Deferred revenue, net of current portion	29,200	(18,690)	10,510
Deferred tax liability, net	342,382	7,160	349,542
Retained earnings	213,107	(19,237)	193,870

#### Income Taxes

The Company adopted ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), effective January 1, 2018 using the modified retrospective method by removing the prepaid tax asset, net and recording a cumulative adjustment to retained earnings of \$493.1 million and to deferred tax liability, net of \$12.8 million as of January 1, 2018. As such, only the current periods presented in the Company's condensed consolidated statements of operations have been reported using the new accounting standard. The Company now accounts for the income tax consequences of these intra-entity transfers, both current and deferred, as a component of income tax expense and deferred tax liability, net during the period in which the transfers occur.

The adoption of ASU 2016-16 had the following effect on the Company's condensed consolidated statement of operations for the three and six months ended June 30, 2018 (in thousands, except per share data):

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Pre-Adoption Accounting	Effect of Adoption	As Reported	Pre-Adoption Accounting	Effect of Adoption	As Reported
Income tax expense	\$ 18,598	\$ 16,754	\$ 35,352	\$ 24,379	\$ 29,616	\$ 53,995
Net loss	(41,936)	(16,754)	(58,690)	(90,458)	(29,616)	(120,074)
Net loss attributable to common shareholders	34,870	(16,754)	18,116	34,756	(29,616)	5,140
Basic earnings per share	0.30	(0.14)	0.16	0.30	(0.26)	0.04
Diluted earnings per share	0.29	(0.14)	0.15	0.29	(0.25)	0.04

The Company adopted ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"), effective January 1, 2018. As permitted by ASU 2018-02, the Company has elected to reclassify the income tax effects of the Tax Cuts and Jobs Act (the "TCJA") on items within accumulated other comprehensive income ("AOCI") to retained earnings. The Company applied the amendments in this update in the period of adoption. The total amount the Company reclassified to retained earnings as a result of adopting ASU 2018-02 was approximately \$1.5 million. After applying this update, the Company had no stranded tax effects remaining in AOCI.

#### Derivative Financial Instruments

The Company adopted ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"), effective January 1, 2018. This update made targeted improvements to accounting for hedging activities by simplifying certain documentation and assessment requirements and eliminating the requirement to separately measure and report hedge ineffectiveness. The Company applied this update using a modified retrospective method to eliminate the separate measurement of hedge ineffectiveness by recording a cumulative-effect adjustment to retained earnings as of January 1, 2018. The net amount the Company recorded to retained earnings as a result of adopting ASU 2017-12 was approximately \$1.8 million.

### Restricted Cash

The Company adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)* ("ASU 2016-18"), effective January 1, 2018. This update clarified that transfers between cash and restricted cash are not reported as cash flow activities in the statements of cash flows. As such, restricted cash amounts are included with cash and cash equivalents in the beginning-of-period and end-of-period total amounts on the statements of cash flows. The Company applied this update retrospectively, which resulted in an adjustment to the beginning-of-period and end-of-period total amounts on the condensed consolidated statement of cash flows for the six months ended June 30, 2017 to include restricted cash balances from those periods.

### Recent Accounting Pronouncements

In July 2018, the Financial Accounting Standards Board (the "FASB") issued ASU 2018-10 and ASU 2018-11, which clarify aspects of the guidance in ASU 2016-02, *Leases (Topic 842)*. The objective of ASU 2016-02 is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This update primarily changes the recognition by lessees of lease assets and liabilities for leases currently classified as operating leases. Lessor accounting remains largely unchanged. This update is effective in fiscal years beginning after December 15, 2018 for public business entities and early adoption is permitted. The amendments are required to be applied using a modified retrospective approach. However, ASU 2018-11 provides an additional transition method under which an entity will apply the updates in ASU 2016-02 as of the adoption date with a cumulative-effect adjustment to the opening balance of retained earnings. Under this additional transition method, periods ending prior to January 1, 2019 will be presented in accordance with ASC 840, and periods ending after January 1, 2019 will be presented in accordance with ASC 842. The Company will adopt this standard effective January 1, 2019 and plans to utilize the transition method permitted by ASU 2018-11. The Company has operating leases that will be affected by this update and the Company is still evaluating the full impact on its condensed consolidated financial statements and related disclosures. The impact is not expected to be significant to the Company's condensed consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. This update expands the scope of Topic 718 to include share-based payments to nonemployees. Under current guidance, the measurement date for nonemployee equity awards is not established until the nonemployee's performance is complete. This update states that the measurement date for nonemployee equity awards will now be established at the grant date. This amendment is effective for annual periods beginning after December 15, 2018 and is applied through a modified retrospective method with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The Company has outstanding nonemployee equity awards that will be affected by this update. The impact to the Company will not be known until the date of adoption, as it will depend on the Company's stock price on the adoption date. However, the Company currently marks all nonemployee awards to market at each reporting period and as such, the impact is not expected to be significant.

### 3. Fair Value Measurements

The Company measures and reports its cash equivalents at fair value. The following tables set forth the fair value of the Company's financial assets and liabilities measured on a recurring basis by level within the fair value hierarchy (in thousands):

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial Liabilities</b>				
Interest rate swaps	\$ —	\$ 4,370	\$ —	\$ 4,370
December 31, 2017				
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Interest rate swaps	\$ —	\$ 14,028	\$ —	\$ 14,028
<b>Financial Liabilities</b>				
Interest rate swaps	\$ —	\$ 1,280	\$ —	\$ 1,280

The interest rate swaps (Level 2) were valued using a discounted cash flow model which incorporates an assessment of the risk of non-performance by the interest rate swap counterparties and the Company. The valuation model uses various observable inputs including contractual terms, interest rate curves, credit spreads and measures of volatility. During the six months ended June 30, 2018, the Company settled the interest rate swaps associated with its 2016 Term Loan Facility and Aggregation Facility. The settlement of the interest rate swaps on the 2016 Term Loan Facility, which were designated as hedges, resulted in a \$22.5 million realized gain that was recorded as a reduction to interest expense. The settlement of the interest rate swaps on the Aggregation Facility, which were not designated as hedges, resulted in a \$2.0 million realized gain that was recorded as other income.

The carrying values and fair values of the Company's long-term debt were as follows (in thousands):

	June 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating-rate long-term debt	\$ 481,500	\$ 481,500	\$ 757,044	\$ 757,044
Fixed-rate long-term debt	661,286	684,532	199,063	238,618
<b>Total</b>	<b>\$ 1,142,786</b>	<b>\$ 1,166,032</b>	<b>\$ 956,107</b>	<b>\$ 995,662</b>

The Company's outstanding principal balance of long-term debt is carried at cost. The Company estimated the fair values of its floating-rate debt facilities to approximate their carrying values as interest accrues at floating rates based on market rates. The Company's fixed-rate debt facilities (Level 2) were valued using quoted prices for corporate debt with similar terms.

#### 4. Inventories

Inventories consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Solar energy systems held for sale	\$ 12,113	\$ 21,971
Photovoltaic installation products	1,022	626
<b>Total inventories</b>	<b>\$ 13,135</b>	<b>\$ 22,597</b>

Solar energy systems held for sale are solar energy systems under construction that have yet to be interconnected to the power grid and that will be sold to customers. Solar energy systems held for sale are stated at the lower of cost, on a first-in, first-out basis, or net realizable value. Photovoltaic installation products are stated at the lower of cost, on an average cost basis, or net realizable value.

#### 5. Solar Energy Systems

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

	June 30, 2018	December 31, 2017
System equipment costs	\$ 1,540,791	\$ 1,437,419
Initial direct costs related to solar energy systems	375,759	336,136
	1,916,550	1,773,555
Less: Accumulated depreciation and amortization	(161,124)	(129,640)
	1,755,426	1,643,915
Solar energy system inventory	29,374	29,617
<b>Solar energy systems, net</b>	<b>\$ 1,784,800</b>	<b>\$ 1,673,532</b>

Solar energy system inventory represents the solar components and materials used in the installation of solar energy systems prior to being installed on customers' roofs. As such, no depreciation is recorded related to this line item. The Company recorded depreciation and amortization expense related to solar energy systems of \$16.1 million and \$13.7 million for the three months ended June 30, 2018 and 2017. The Company recorded depreciation and amortization expense related to solar energy systems of \$31.5 million and \$26.5 million for the six months ended June 30, 2018 and 2017.

## 6. Property and Equipment

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

	Estimated Useful Lives	June 30, 2018	December 31, 2017
Vehicles acquired under capital leases	3-5 years	\$ 11,403	\$ 15,113
Leasehold improvements	1-12 years	12,301	15,071
Furniture and computer and other equipment	3 years	4,115	6,492
		27,819	36,676
Less: Accumulated depreciation and amortization		(15,801)	(21,598)
Property and equipment, net		\$ 12,018	\$ 15,078

The Company recorded depreciation and amortization expense related to property and equipment of \$1.3 million and \$2.1 million for the three months ended June 30, 2018 and 2017. The Company recorded depreciation and amortization expense related to property and equipment of \$3.0 million and \$4.5 million for the six months ended June 30, 2018 and 2017.

The Company leases fleet vehicles that are accounted for as capital leases and are included in property and equipment, net. Of total property and equipment depreciation and amortization, depreciation on vehicles under capital leases of \$0.6 million and \$0.9 million was capitalized in solar energy systems, net for the three months ended June 30, 2018 and 2017. The Company capitalized depreciation on vehicles under capital leases of \$1.3 million and \$2.0 million in solar energy systems, net for the six months ended June 30, 2018 and 2017.

## 7. Intangible Assets

Intangible assets, net consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Cost:		
Internal-use software	\$ 1,199	\$ 1,314
Developed technology	522	522
Trademarks/trade names	201	201
Customer relationships	164	164
Total carrying value	2,086	2,201
Accumulated amortization:		
Internal-use software	(964)	(872)
Developed technology	(291)	(258)
Trademarks/trade names	(89)	(79)
Customer relationships	(147)	(130)
Total accumulated amortization	(1,491)	(1,339)
Total intangible assets, net	\$ 595	\$ 862

The Company recorded amortization expense of \$0.1 million for each of the three-month periods ended June 30, 2018 and 2017, which was included in amortization of intangible assets. The Company recorded amortization expense of \$0.3 million for each of the six-month periods ended June 30, 2018 and 2017.

## 8. Accrued Compensation

Accrued compensation consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Accrued payroll	\$ 10,519	\$ 13,064
Accrued commissions	7,496	7,928
Total accrued compensation	\$ 18,015	\$ 20,992

9. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Current portion of lease pass-through financing obligation	\$ 4,985	\$ 4,931
Accrued unused commitment fees and interest	4,775	7,445
Accrued professional fees	4,338	3,977
Sales, use and property taxes payable	2,967	3,046
Accrued workers' compensation	2,555	1,446
Accrued inventory	1,818	4,122
Workmanship accrual	1,404	1,359
Current portion of deferred rent	927	937
Other accrued expenses	2,321	2,412
<b>Total accrued and other current liabilities</b>	<b>\$ 26,090</b>	<b>\$ 29,675</b>

10. Debt Obligations

Debt obligations consisted of the following as of June 30, 2018 (in thousands, except interest rates):

	Principal Borrowings Outstanding	Unamortized Debt Issuance Costs		Net Carrying Value		Unused Borrowing Capacity	Interest Rate	Maturity Date
		Current	Long-term	Current	Long-term			
Solar asset backed notes, Series 2018-1	\$ 466,000	\$ (62)	\$ (9,555)	\$ 2,979	\$ 453,404	\$ —	*	October 2028
Solar asset backed notes, Series 2018-2 (1)(2)	345,000	(7)	(7,991)	293	336,709	—	5.2%	August 2023
2017 Term loan facility	193,995	(170)	(4,807)	6,731	182,287	—	6.0	January 2035
Credit agreement	1,291	(2)	(130)	15	1,144	—	6.5	February 2023
Revolving lines of credit (3)	—	—	—	—	—	—	—	—
Aggregation facility	—	—	—	—	—	375,000	—	September 2020
Working capital facility (4)	136,500	—	—	—	136,500	—	5.3	March 2020
<b>Total debt</b>	<b>\$ 1,142,786</b>	<b>\$ (241)</b>	<b>\$ (22,483)</b>	<b>\$ 10,018</b>	<b>\$ 1,110,044</b>	<b>\$ 375,000</b>	<b>—</b>	<b>—</b>

Debt obligations consisted of the following as of December 31, 2017 (in thousands, except interest rates):

	Principal Borrowings Outstanding	Unamortized Debt Issuance Costs		Net Carrying Value		Unused Borrowing Capacity	Interest Rate	Maturity Date
		Current	Long-term	Current	Long-term			
2017 Term loan facility	\$ 197,764	\$ (176)	\$ (4,990)	\$ 6,644	\$ 185,954	\$ —	6.0%	January 2035
2016 Term loan facility	287,919	(141)	(7,623)	4,962	275,193	—	4.3	August 2021
Subordinated HoldCo facility	197,625	(35)	(3,451)	1,965	192,174	—	9.3	March 2020
Credit agreement	1,299	(2)	(140)	14	1,143	—	6.5	February 2023
Revolving lines of credit (3)	—	—	—	—	—	—	—	—
Aggregation facility	135,000	—	—	—	135,000	240,000	4.7	September 2020
Working capital facility (4)	136,500	—	—	—	136,500	—	4.8	March 2020
<b>Total debt</b>	<b>\$ 956,107</b>	<b>\$ (354)</b>	<b>\$ (16,204)</b>	<b>\$ 13,585</b>	<b>\$ 925,964</b>	<b>\$ 240,000</b>	<b>—</b>	<b>—</b>

- \* The Series 2018-1 Notes are comprised of Class A and Class B Notes. Class A Notes accrue interest at 4.73%. Class B Notes accrue interest at 7.37%.
- (1) The Series 2018-2 Notes are comprised of Class A and Class B Notes. Class B Notes accrue interest at a rate of LIBOR plus 4.75%. Class A Notes accrue interest at a variable spread over LIBOR that results in a weighted average spread for all 2018-2 Notes of 2.95%.
- (2) The interest rate of this facility is partially hedged to an effective interest rate of 6.0% for \$327.8 million of the principal borrowings. See Note 11—Derivative Financial Instruments.
- (3) Revolving lines of credit are not presented net of unamortized debt issuance costs.
- (4) Facility is recourse debt, which refers to debt that is collateralized by the Company's general assets. All of the Company's other debt obligations are non-recourse, which refers to debt that is only collateralized by specified assets or subsidiaries of the Company.

The Company's debt facilities include customary events of default, conditions to borrowing and covenants, including covenants that restrict, subject to certain exceptions, the Company's ability to incur indebtedness, incur liens, make investments, make fundamental changes to their business, dispose of assets, make certain types of restricted payments or enter into certain related party transactions. Additionally, the Company is required to maintain certain financial measurements and interest rate swaps for certain debt facilities. These restrictions do not impact the Company's ability to enter into investment funds, including those that are similar to those entered into previously. The Company's debt facilities are secured by net cash flows from long-term customer contracts. The Company was in compliance with all debt covenants as of June 30, 2018.

#### ***Solar Asset Backed Notes, Series 2018-1***

In June 2018, a wholly owned subsidiary of the Company issued an aggregate principal amount of \$400.0 million of Solar Asset Backed Notes, Series 2018-1, Class A (the "2018-1 Class A Notes") and an aggregate principal amount of \$66.0 million of Solar Asset Backed Notes, Series 2018-1, Class B (the "2018-1 Class B Notes" and together with the 2018-1 Class A Notes, the "2018-1 Notes"). The 2018-1 Class A Notes accrue interest at a fixed rate of 4.73% and have an anticipated repayment date of October 30, 2028. The 2018-1 Class B Notes accrue interest at a fixed rate of 7.37% and have an anticipated repayment date of October 30, 2028.

In addition to customary events of default and covenants, the 2018-1 Notes are subject to unscheduled prepayment events that generally are customary in nature for solar securitizations of this type, including (1) asset coverage ratios falling below certain levels, (2) a debt service coverage ratio falling below certain levels, (3) the failure to maintain insurance, and (4) the failure to repay the notes in full prior to the anticipated repayment date for such class of notes. The occurrence of an unscheduled prepayment event or an event of default could result in the more rapid repayment of the 2018-1 Notes, and the occurrence of an event of default could, in certain instances, result in the liquidation of the collateral securing the 2018-1 Notes. The 2018-1 Notes are secured by, and payable solely from the cash flow generated by the membership interests in certain indirectly owned subsidiaries of the Company, each of which subsidiaries is the managing member of a project company that owns a pool of photovoltaic systems and related Solar Leases and PPAs and ancillary rights and agreements that were originated by a wholly owned subsidiary of the Company. As of June 30, 2018, the Company had \$13.4 million in required reserves outstanding in collateral accounts with the administrative agent, which are included in restricted cash and cash equivalents.

#### ***Solar Asset Backed Notes, Series 2018-2***

In June 2018, a wholly owned subsidiary of the Company issued an aggregate principal amount of \$296.0 million of Solar Asset Backed Notes, Series 2018-2, Class A (the "2018-2 Class A Notes") and an aggregate principal amount of \$49.0 million of Solar Asset Backed Notes, Series 2018-2, Class B (the "2018-2 Class B Notes" and together with the 2018-2 Class A Notes, the "2018-2 Notes"). The 2018-2 Class A Notes accrue interest at a variable spread over the London Interbank Offered Rate ("LIBOR") that is intended to result in a weighted average spread for all 2018-2 Notes of 2.95%. The 2018-2 Class B Notes accrue interest at a spread over LIBOR of 4.75% or, if no 2018-2 Class A Notes are outstanding, 2.95%. The Company entered into an interest rate swap concurrent with the issuance of the 2018-2 Notes that results in an implied all-in interest rate of approximately 5.95%. See Note 11—Derivative Financial Instruments. The 2018-2 Notes have a stated maturity of August 29, 2023.

The 2018-2 Notes have the same events of default, covenants and unscheduled prepayment events as the 2018-1 Notes. In addition, the 2018-2 Notes are subject to unscheduled prepayment events relating to certain change of control events and certain liquidity requirements. As of June 30, 2018, the Company had \$23.9 million in required reserves outstanding in collateral accounts with the administrative agent, which are included in restricted cash and cash equivalents.

#### ***2016 Term Loan Facility***

In June 2018, the Company used proceeds from the issuance of the 2018-1 Notes and 2018-2 Notes to pay off the outstanding balance of \$282.3 million on the credit facility entered into by a wholly owned subsidiary of the Company in August 2016 (the "2016 Term Loan Facility") and terminated the credit agreement. The outstanding balance was comprised of \$281.8 million of principal and \$0.5 million of accrued interest. The termination of the 2016 Term Loan Facility was accounted for as a debt extinguishment. As such, the remaining \$6.9 million of unamortized debt issuance costs related to the 2016 Term Loan Facility were recognized in interest expense during the six months ended June 30, 2018. There was no prepayment fee associated with the termination of the 2016 Term Loan Facility.

#### *Subordinated HoldCo Facility*

In June 2018, the Company used proceeds from the issuance of the 2018-1 Notes and 2018-2 Notes to pay off the outstanding balance of \$206.4 million on the credit facility entered into by a wholly owned subsidiary of the Company in March 2016 (the "Subordinated HoldCo Facility") and terminated the financing agreement. The outstanding balance was comprised of \$196.6 million of principal, \$3.9 million of accrued interest, and a prepayment fee of \$5.9 million, which was calculated as 3.0% of the outstanding principal balance. The termination of the Subordinated HoldCo Facility was accounted for as a debt extinguishment. As such, the remaining \$2.9 million of unamortized debt issuance costs related to the Subordinated HoldCo Facility were recognized in interest expense during the six months ended June 30, 2018. The prepayment fee of \$5.9 million was also recognized in interest expense during the six months ended June 30, 2018.

#### *2017 Term Loan Facility*

In January 2017, a wholly owned subsidiary of the Company entered into a long-term fixed rate credit agreement (the "2017 Term Loan Facility"). Interest on borrowings accrues at an annual fixed rate equal to 6.0% and is payable in arrears. Certain principal payments are due on a quarterly basis, subject to the occurrence of certain events. As of June 30, 2018, the Company had \$19.3 million in required reserves outstanding in collateral accounts with the administrative agent, which were included in restricted cash and cash equivalents.

#### *Credit Agreement*

In February 2016, a wholly owned subsidiary of the Company entered into a fixed rate credit agreement (the "Credit Agreement"). Principal and interest payments under the Credit Agreement are paid quarterly over the term of the loan. Interest accrues on borrowings at a fixed rate of 6.50%.

#### *Aggregation Facility*

In September 2014, a wholly owned subsidiary of the Company entered into an aggregation credit facility (as amended, the "Aggregation Facility"), pursuant to which the Company may borrow up to an aggregate of \$375.0 million and, upon the satisfaction of certain conditions and the approval of the lenders, up to an additional aggregate of \$175.0 million in borrowings. Prepayments are permitted under the Aggregation Facility. Under the Aggregation Facility, interest on borrowings accrues at a floating rate equal to either (1)(a) LIBOR or (b) the greatest of (i) the Federal Funds Rate plus 0.5%, (ii) the administrative agent's prime rate and (iii) LIBOR plus 1% and (2) a margin that varies between 3.25% during the period during which the Company may incur borrowings and 3.75% after such period. During the six months ended June 30, 2018, the Company used proceeds from the issuance of the 2018-1 Notes and 2018-2 Notes to pay off the outstanding balance on the Aggregation Facility such that there was no outstanding balance as of June 30, 2018. The Aggregation Facility remains open and available for future borrowings.

#### *Working Capital Facility*

In March 2015, a wholly owned subsidiary of the Company entered into a revolving credit agreement (the "Working Capital Facility") pursuant to which the Company may borrow up to an aggregate principal amount of \$150.0 million from certain financial institutions. In addition to the outstanding borrowings as of June 30, 2018, the Company had established letters of credit under the Working Capital Facility for up to \$13.5 million related to insurance contracts. Prepayments are permitted under the Working Capital Facility. Interest accrues on borrowings at a floating rate equal to, depending on the type of borrowing, (1) a rate equal to the Eurodollar Rate for the interest period divided by one minus the Eurodollar Reserve Percentage, plus a margin of 3.25%; or (2) the highest of (a) the Federal Funds Rate plus 0.50%, (b) the Citibank prime rate and (c) the one-month interest period Eurodollar rate plus 1.00%, plus a margin of 2.25%. Interest is payable depending on the type of borrowing at the end of (1) the interest period that the Company may elect as a term, not to exceed three months, (2) quarterly or (3) at maturity of the Working Capital Facility. The Company is required to maintain \$30.0 million in cash and cash equivalents and certain investments as of the last day of each quarter. As of June 30, 2018, the Company was in compliance with such covenants.

## 11. Derivative Financial Instruments

Derivative financial instruments consisted of the following at fair value (in thousands):

	June 30, 2018	
	Fair Value	Balance Sheet Location
<b>Derivatives designated as hedging instruments:</b>		
Interest rate swaps	\$ 4,370	Other non-current liabilities
	December 31, 2017	
	Fair Value	Balance Sheet Location
<b>Derivatives designated as hedging instruments:</b>		
Interest rate swaps	\$ 14,028	Other non-current assets, net
<b>Derivatives not designated as hedging instruments:</b>		
Interest rate swaps	\$ 1,280	Other non-current liabilities

The Company is exposed to interest rate risk relating to its outstanding debt facilities that have variable interest rates. In connection with the 2016 Term Loan Facility, the Company entered into interest rate swaps to offset changes in the variable interest rate for a portion of the Company's LIBOR-indexed floating-rate loans. During the six months ended June 30, 2018, the Company paid off and terminated the 2016 Term Loan Facility and settled all outstanding interest rate swaps associated with the 2016 Term Loan Facility. As a result of settling the interest rate swaps, which were designated as hedges, the Company realized a \$22.5 million gain that was recorded as a reduction to interest expense.

In connection with the March 2017 amendment of the Aggregation Facility, the Company is required to maintain interest rate swaps such that at least 75% of the outstanding loan balance of the Aggregation Facility is hedged. The Company is required to meet this threshold within 15 business days after the end of each quarterly period. As of June 30, 2018, there was no outstanding balance in the Aggregation Facility, and as a result, the Company settled all outstanding interest rate swaps associated with the Aggregation Facility during the six months ended June 30, 2018. The settlement of the interest rate swaps, which were not designated as hedges, resulted in a realized gain of \$2.0 million that was recorded as other income. The Aggregation Facility remains open and available for future borrowings, and the Company will open new interest rate swaps when it incurs future borrowings on the Aggregation Facility.

In connection with the 2018-2 Notes, the Company entered into interest rate swaps to offset changes in the variable interest rate for a portion of these notes. As of June 30, 2018, the notional amount of these interest rate swaps was \$327.8 million. The notional amount of the interest rate swaps decreases through the maturity of the 2018-2 Notes, similar to the Company's estimated semi-annual principal payments on the 2018-2 Notes through August 2023. The interest rate swaps are designated as cash flow hedges, and unrealized gains or losses are recorded in other comprehensive income ("OCI"). The amount of AOCI expected to be reclassified to interest expense within the next 12 months is approximately \$1.5 million. The Company will discontinue the hedge accounting designation of these derivatives if interest payments on LIBOR-indexed floating rate loans compared to the payments under the derivatives are no longer highly effective.

The Company adopted ASU 2017-12 as of January 1, 2018. Among other changes, this update eliminated the separate measurement of hedge ineffectiveness. The Company adopted this update using a modified retrospective method with a cumulative-effect adjustment to retained earnings as of January 1, 2018. As a result, the Company ceased measuring hedge ineffectiveness beginning January 1, 2018, while prior period measurements remain unchanged. See Note 2—Summary of Significant Accounting Policies. The Company records derivatives at fair value. The (gains) losses on derivatives designated as cash flow hedges recognized in OCI, before tax effect, consisted of the following (in thousands):

	Three Months Ended June 30,	
	2018	2017
<b>Derivatives designated as cash flow hedges:</b>		
Interest rate swaps	\$ 825	\$ 1,813
	Six Months Ended June 30,	
	2018	2017
<b>Derivatives designated as cash flow hedges:</b>		
Interest rate swaps	\$ (4,318)	\$ 1,859

The (gains) losses on derivative financial instruments recognized in the condensed consolidated statements of operations, before tax effect, consisted of the following (in thousands):

	Three Months Ended June 30,			
	2018		2017	
	Interest expense	Other (income) expense, net	Interest expense	Other (income) expense, net
<b>Total amounts presented in the income statement line items</b>	\$ 11,336	\$ (4,109)	\$ 16,838	\$ 715
<b>Derivatives designated as cash flow hedges:</b>				
Interest rate swaps				
(Gains) reclassified from AOCI into income	\$ (22,335)	\$ —	\$ (6)	\$ —
Losses recognized in income - ineffective portion:	—	—	—	155
<b>Derivatives not designated as hedging instruments:</b>				
Interest rate swaps				
(Gains) losses recognized in income	—	(1,990)	—	562
Total (gains) losses	\$ (22,335)	\$ (1,990)	\$ (6)	\$ 717

	Six Months Ended June 30,			
	2018		2017	
	Interest expense	Other (income) expense, net	Interest expense	Other (income) expense, net
<b>Total amounts presented in the income statement line items</b>	\$ 28,258	\$ (6,370)	\$ 31,559	\$ 991
<b>Derivatives designated as cash flow hedges:</b>				
Interest rate swaps				
(Gains) losses reclassified from AOCI into income	\$ (22,716)	\$ —	\$ 144	\$ —
(Gains) recognized in income - ineffective portion:	—	—	—	(521)
<b>Derivatives not designated as hedging instruments:</b>				
Interest rate swaps				
(Gains) losses recognized in income	—	(4,252)	—	1,514
Total (gains) losses	\$ (22,716)	\$ (4,252)	\$ 144	\$ 993

## 12. Investment Funds

As of June 30, 2018 and December 31, 2017, the Company had formed investment funds for the purpose of funding the purchase of solar energy systems under long-term customer contracts. The aggregate carrying value of these funds' assets and liabilities (after elimination of intercompany transactions and balances) in the Company's condensed consolidated balance sheets were as follows (in thousands):

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 29,182	\$ 17,280
Accounts receivable, net	14,419	5,143
Prepaid expenses and other current assets	1,155	952
Total current assets	44,756	23,375
Solar energy systems, net	1,577,144	1,486,023
Other non-current assets, net	8,317	6,792
Total assets	<u>\$ 1,630,217</u>	<u>\$ 1,516,190</u>
<b>Liabilities</b>		
Current liabilities:		
Distributions payable to non-controlling interests and redeemable non-controlling interests	\$ 10,114	\$ 16,437
Current portion of deferred revenue	1,773	9,176
Accrued and other current liabilities	4,465	4,478
Total current liabilities	16,352	30,091
Deferred revenue, net of current portion	9,021	26,847
Other non-current liabilities	1,125	1,444
Total liabilities	<u>\$ 26,498</u>	<u>\$ 58,382</u>

Under the fund agreements, cash distributions of income and other receipts by the funds, net of agreed-upon expenses and estimated expenses, tax benefits and detriments of income and loss, and tax benefits of tax credits, are assigned to the fund investors and the Company's subsidiaries as specified in contractual arrangements. As such, the cash held in investment funds is not readily available to the Company due to the timing of distributions. Certain of these fund arrangements have call and put options to acquire the investor's equity interest as specified in the contractual agreements. Once the investor's equity interest is acquired by the Company, the assets, liabilities and operations of the investment fund become wholly owned and no longer require an assessment of non-controlling interests.

Fund investors for three of the funds are managed indirectly by The Blackstone Group L.P. (the "Sponsor") and are considered related parties. As of June 30, 2018 and December 31, 2017, the cumulative total of contributions into the VIEs by all investors was \$1,372.9 million and \$1,264.6 million. Of these contributions, a cumulative total of \$110.0 million was contributed by related parties in prior periods. A third-party provider has agreed to perform backup maintenance services for all funds, if necessary.

### ***Lease Pass-Through Financing Obligation***

During 2015, a wholly owned subsidiary of the Company entered into a lease pass-through fund arrangement under which the Company contributed solar energy systems and the investor contributed cash. The net carrying value of the related solar energy systems was \$57.0 million and \$58.2 million as of June 30, 2018 and December 31, 2017.

The Company adopted Topic 606 as of January 1, 2018. The Company has assessed the impact of Topic 606 as it relates to the sales of ITCs through its lease pass-through fund arrangement. The Company has concluded that revenue related to the sale of ITCs through its lease pass-through arrangement is recognized when the related solar energy systems are placed in service as the Company has completed its performance obligation to transfer ITCs to the funds investors at that time. The fund investors contributed cash to the investment fund during the installation process as payment for the ITCs. The transaction price for the ITCs was estimated using the tax credit rate of 30% times the fair market value of the solar energy systems that were placed into service in the lease pass-through fund. All of the related solar energy systems were placed in service and all related revenue would have been recognized prior to September 30, 2016 under Topic 606. Prior to the adoption of Topic 606, the Company recognized this revenue evenly over the five-year ITC recapture period. The Company adopted Topic 606 on a modified retrospective basis with a cumulative adjustment to retained earnings as of January 1, 2018. As all ITC sales revenue would have been recognized prior to September 30, 2016 under Topic 606, the Company removed previously recorded deferred revenue related to ITC sales by recording it to retained earnings as of the adoption date of Topic 606. See Note 2—Summary of Significant Accounting Policies.

The Company accounts for the residual of the large upfront payments, net of amounts allocated to the ITCs, and subsequent periodic payments received from the fund investor as a borrowing by recording the proceeds received as a lease pass-through financing obligation, which will be repaid through customer payments that will be received by the investor. Under this approach, the Company continues to account for the arrangement with the customers in its condensed consolidated financial statements, whether the cash generated from the customer arrangements is received by the Company's wholly owned subsidiary or paid directly to the fund investor. A portion of the amounts received by the fund investor from customer payments is applied to reduce the lease pass-through financing obligation, and the balance is allocated to interest expense. The customer payments are recognized into revenue based on cash receipts during the period as required by GAAP. Interest is calculated on the lease pass-through financing obligation using the effective interest rate method. The effective interest rate is the interest rate that equates the present value of the cash amounts to be received by a fund investor over the master lease term with the present value of the cash amounts paid by the investor to the Company, adjusted for any payments made by the Company. Any additional master lease prepayments by the investor would be recorded as an additional lease pass-through financing obligation, while any refunds of master lease prepayments would reduce the lease pass-through financing obligation.

The lease pass-through financing obligation is nonrecourse. As of June 30, 2018, the Company had recorded financing liabilities of \$5.4 million related to this fund arrangement, which was the lease pass-through financing obligation recorded in other liabilities. As of December 31, 2017, the Company had recorded financing liabilities of \$32.1 million related to this fund arrangement, of which \$26.4 million was deferred revenue and \$5.8 million was the lease pass-through financing obligation recorded in other liabilities.

#### **Guarantees**

With respect to the investment funds, the Company and the fund investors have entered into guaranty agreements under which the Company guarantees the performance of certain financial obligations of its subsidiaries to the investment funds. These guarantees do not result in the Company being required to make payments to the fund investors unless such payments are mandated by the investment fund governing documents and the investment fund fails to make such payment. Each of the Company's investment funds and financing subsidiaries maintains separate books and records from each other and from the Company. The assets of each investment fund are not available to satisfy the debts or obligations of any other investment fund, subsidiary or the Company.

The Company is contractually obligated to make certain VIE investors whole for losses that the investors may suffer in certain limited circumstances resulting from the disallowance or recapture of ITCs. The Company has concluded that the likelihood of a significant recapture event is remote and consequently has not recorded any liability in the condensed consolidated financial statements for any potential recapture exposure. The maximum potential future payments that the Company could have to make under this obligation would depend on the Internal Revenue Service ("IRS") successfully asserting upon audit that the fair market values of the solar energy systems sold or transferred to the funds as determined by the Company exceeded the allowable basis for the systems for purposes of claiming ITCs. The fair market values of the solar energy systems and related ITCs are determined and the ITCs are allocated to the fund investors in accordance with the funds' governing agreements. Due to uncertainties associated with estimating the timing and amounts of distributions, the likelihood of an event that may trigger repayment, forfeiture or recapture of ITCs to such investors, and the fact that the Company cannot determine how the IRS will evaluate system values used in claiming ITCs, the Company cannot determine the potential maximum future payments that are required under these guarantees. As of June 30, 2018, the Company has not made any payments under these guarantees. However, several recent investment funds, the 2018-1 Notes and the 2018-2 Notes have required the Company to prepay insurance premiums to cover the risk of ITC recapture. The Company amortizes this prepaid insurance expense over the ITC recapture period. The Company had prepaid insurance balances of \$8.8 million and \$2.4 million as of June 30, 2018 and December 31, 2017.

From time to time, the Company incurs penalties for non-performance, which non-performance may include, but is not limited to, delays in the installation process and interconnection to the power grid of solar energy systems and other factors. Based on the terms of the investment fund agreements, the Company will either reimburse a portion of the fund investor's capital or pay the fund investor a non-performance fee. Distributions paid to reimburse fund investors totaled \$1.9 million and \$11.9 million during the three and six months ended June 30, 2018. As of June 30, 2018, no accrual for additional distributions was required.

As a result of the guaranty arrangements in certain funds, the Company was required to hold a minimum cash balance of \$10.0 million as of June 30, 2018 and December 31, 2017, which is classified as restricted cash and cash equivalents.

### 13. Redeemable Non-Controlling Interests and Equity

#### Common Stock

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

	June 30, 2018	December 31, 2017
Shares available for grant under equity incentive plans	14,267	12,774
Restricted stock units issued and outstanding	6,746	6,688
Stock options issued and outstanding	3,513	3,837
Long-term incentive plan	2,706	2,706
<b>Total</b>	<b>27,232</b>	<b>26,005</b>

#### Redeemable Non-Controlling Interests, Equity and Non-Controlling Interests

The changes in redeemable non-controlling interests were as follows (in thousands):

Balance as of December 31, 2017	\$	122,444
Contributions from redeemable non-controlling interests		64,999
Distributions to redeemable non-controlling interests		(5,112)
Net loss		(59,684)
<b>Balance as of June 30, 2018</b>	<b>\$</b>	<b>122,647</b>

The changes in stockholders' equity and non-controlling interests were as follows (in thousands):

	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance as of December 31, 2017	\$ 780,951	\$ 80,115	\$ 861,066
Cumulative-effect adjustment from adoption of new ASUs	(473,828)	—	(473,828)
Stock-based compensation expense	6,781	—	6,781
Issuance of common stock	837	—	837
Contributions from non-controlling interests	—	43,288	43,288
Distributions to non-controlling interests	—	(17,123)	(17,123)
Total other comprehensive loss	(13,408)	—	(13,408)
Net income (loss)	5,140	(65,530)	(60,390)
<b>Balance as of June 30, 2018</b>	<b>\$ 306,473</b>	<b>\$ 40,750</b>	<b>\$ 347,223</b>

### Accumulated Other Comprehensive Income

The changes in AOCI are related to the Company's cash flow hedges. The changes in AOCI, net of tax, were as follows (in thousands):

	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2017	\$ 6,905
Cumulative-effect adjustment from adoption of new ASUs	3,318
Other comprehensive income before reclassifications	3,147
Less: Amounts reclassified from AOCI	16,555
Balance as of June 30, 2018	\$ (3,185)

### Redeemable Non-Controlling Interests and Non-Controlling Interests

Seven of the investment funds include a right for the non-controlling interest holder to require the Company's wholly owned subsidiary to purchase all of its membership interests in the fund (each, a "Put Option"). The purchase price for the fund investor's interest in the seven investment funds under the Put Options is the greater of fair market value at the time the option is exercised and a specified amount, ranging from \$2.1 million to \$4.1 million. The Put Options for these seven investment funds are exercisable beginning on the date that specified conditions are met for each respective fund. None of the Put Options are expected to become exercisable prior to 2021.

Because the Put Options represent redemption features that are not solely within the control of the Company, the non-controlling interests in these investment funds are presented outside of permanent equity. Redeemable non-controlling interests are recorded using the greater of their carrying value at each reporting date (which is impacted by attribution under the hypothetical liquidation at book value ("HLBV") method) or their estimated redemption value in each reporting period.

In all investment funds except one, the Company's wholly owned subsidiary has the right to require the non-controlling interest holder to sell all of its membership units to the Company's wholly owned subsidiary (each, a "Call Option"). The purchase price for the fund investors' interests under the Call Options varies by fund, but is generally the greater of a specified amount, which ranges from approximately \$1.2 million to \$7.0 million, the fair market value of such interest at the time the option is exercised, or an amount that causes the fund investor to achieve a specified return on investment. The Call Options are exercisable beginning on the date that specified conditions are met for each respective fund. None of the Call Options are expected to become exercisable prior to 2020.

## 14. Equity Compensation Plans

### Equity Incentive Plans

#### 2014 Equity Incentive Plan

The Company currently grants equity awards through its 2014 Equity Incentive Plan (the "2014 Plan"). Under the 2014 Plan, the Company may grant stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights, performance stock units, performance shares and performance awards to its employees, directors and consultants, and its parent and subsidiary corporations' employees and consultants.

As of June 30, 2018, a total of 14.3 million shares of common stock were available to grant under the 2014 Plan, subject to adjustment in the case of certain events. The number of shares available to grant under the 2014 Plan is subject to an annual increase on the first day of each year. In accordance with the annual increase, an additional 4.6 million shares became available to grant in January 2018 under the 2014 Plan.

**Stock Options**

*Stock Option Activity*

Stock option activity for the six months ended June 30, 2018 was as follows (in thousands, except term and per share amounts):

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding—December 31, 2017	3,837	\$ 2.01		\$ 8,522
Granted	517	3.15		
Exercised	(749)	1.12		
Cancelled	(92)	2.27		
Outstanding—June 30, 2018	3,513	\$ 2.36	7.1	\$ 9,714
Options vested and exercisable—June 30, 2018	1,714	\$ 1.91	5.9	\$ 5,710

**RSUs**

RSU activity for the six months ended June 30, 2018 was as follows (awards in thousands):

	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2017	6,688	\$ 3.20
Granted	3,183	3.87
Vested	(2,629)	2.80
Forfeited	(496)	3.39
Outstanding at June 30, 2018	6,746	\$ 3.66

**Stock-Based Compensation Expense**

Stock-based compensation was included in operating expenses as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cost of revenue	\$ 349	\$ 293	\$ 623	\$ 574
Sales and marketing	1,083	1,117	1,914	2,109
General and administrative	2,349	1,828	4,169	4,342
Research and development	31	92	75	227
Total stock-based compensation	\$ 3,812	\$ 3,330	\$ 6,781	\$ 7,252

Unrecognized stock-based compensation expense for time-based stock options and RSUs as of June 30, 2018 was as follows (in thousands, except years):

	Unrecognized Stock-Based Compensation Expense	Weighted-Average Period of Recognition (in years)
RSUs	\$ 16,934	1.9
Time-based stock options	1,924	1.7
Total unrecognized stock-based compensation expense	\$ 18,858	

The preceding table does not include \$1.8 million of unrecognized stock-based compensation expense related to RSUs with performance conditions that the Company has determined are not probable of being achieved.

## 15. Income Taxes

The income tax expense for the three months ended June 30, 2018 and 2017 was calculated on a discrete basis resulting in a consolidated quarterly effective income tax rate of (15.5)% and (16.2)%. For the six months ended June 30, 2018 and 2017 the Company's consolidated effective income tax rate was (81.7)% and (18.7)%. The variations between the consolidated effective income tax rate and the U.S. federal statutory rate for the three and six months ended June 30, 2018 and 2017 were primarily attributable to the net effects of adopting ASU 2016-16, non-controlling interests and redeemable non-controlling interests, federal investment tax credits and the TCJA reducing the federal corporate income tax rate from 35% to 21% beginning in 2018.

The TCJA made significant changes to the U.S. tax code, which include, but are not limited to, a reduced U.S. federal corporate tax rate, a provision that limits the amount of deductible interest expense, full expensing of acquired property, limitations on the utilization of net operating loss carryforwards, the repeal of the domestic production activity deduction, limitations on the deductibility of certain executive compensation, and the tax year of income inclusion.

The Company recorded a provisional net tax benefit of \$187.5 million related to the remeasurement of its deferred tax balances to reflect the corporate rate reduction in the period ended December 31, 2017. Although the Company is able to make a reasonable estimate of the impacts of the TCJA, it continues to analyze the temporary differences that existed on the date of enactment and the other previously mentioned provisions that come into effect for tax years starting after 2017 to determine if these items would impact the effective tax rate. The impact of the TCJA may differ from the Company's estimates, possibly materially, due to, among other things, changes in interpretations and assumptions the Company has made, guidance that may be issued and actions the Company may take as a result of the TCJA.

The Company sells solar energy systems to the investment funds for income tax purposes. As the investment funds are consolidated by the Company, the gain on the sale of the solar energy systems is eliminated in the condensed consolidated financial statements. However, this gain is recognized for tax reporting purposes. With the adoption of ASU 2016-16, the Company now accounts for the income tax consequences of these intra-entity transfers, both current and deferred, as a component of income tax expense and deferred tax liability, net during the period in which the transfers occur. Prior to the adoption of ASU 2016-16, any tax expense incurred related to these intra-entity sales was deferred and amortized over the estimated useful life of the underlying solar energy systems, which was estimated to be 30 years. Accordingly, the Company had recorded a prepaid tax asset, net, of \$505.9 million as of December 31, 2017, which was removed as of January 1, 2018 when the Company adopted ASU 2016-16. See Note 2—Summary of Significant Accounting Policies.

### Uncertain Tax Positions

As of June 30, 2018 and December 31, 2017, the Company had no unrecognized tax benefits. There was no interest or penalties accrued for any uncertain tax positions as of June 30, 2018 and December 31, 2017. The Company does not have any tax positions for which it is reasonably possible the total amount of gross unrecognized benefits will increase or decrease within the next 12 months. The Company is subject to taxation and files income tax returns in the United States, and various state and local jurisdictions. The U.S. and state jurisdictions in which the Company operates have statutes of limitations that generally range from three to four years. The Company's federal, state and local income tax returns starting with the 2014 tax year are subject to audit. The Company's 2013 income tax returns for two states are also subject to audit.

## 16. Related Party Transactions

The Company's condensed consolidated statements of operations included the following related party transactions (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cost of revenue—operating leases and incentives	\$ —	\$ 233	\$ —	\$ 631
Sales and marketing	610	564	1,311	1,262
General and administrative	—	49	—	124

#### ***Vivint Services***

The Company has negotiated and entered into a number of agreements with its sister company, Vivint, Inc. ("Vivint"). Some of those agreements related to the Company's use of certain of Vivint's information technology and infrastructure services; however, the Company stopped using such services in July 2017. In August 2017, the Company entered into a sales dealer agreement with Vivint, pursuant to which each company will act as a non-exclusive dealer for the other party to market, promote and sell each other's products. The agreement has an initial term of two years and replaces substantially all of the activities being undertaken under the parties' former marketing and customer relations agreement. The Company and Vivint also agreed to extend the term of the non-solicitation provisions under an existing non-competition agreement to match the term of the sales dealer agreement. The Company incurred fees under agreements with Vivint of \$4.3 million and \$0.4 million for the three months ended June 30, 2018 and 2017, which reflect the amount of services provided by Vivint on behalf of the Company. The Company incurred fees under these agreements of \$5.3 million and \$1.1 million for the six months ended June 30, 2018 and 2017.

Payables to Vivint recorded in accounts payable—related party were \$0.1 million and \$0.2 million as of June 30, 2018 and December 31, 2017. These payables include amounts due to Vivint related to the services agreements and other miscellaneous intercompany payables.

#### ***Advances Receivable — Related Party***

Net amounts due from direct-sales personnel were \$5.3 million and \$6.6 million as of June 30, 2018 and December 31, 2017. The Company provided a reserve of \$1.0 million as of June 30, 2018 and December 31, 2017 related to advances to direct-sales personnel who have terminated their employment agreement with the Company.

#### ***Investment Funds***

Fund investors for three of the investment funds are indirectly managed by the Sponsor and accordingly are considered related parties. The Company accrued equity distributions to these entities of \$1.6 million and \$1.2 million as of June 30, 2018 and December 31, 2017, included in distributions payable to non-controlling and redeemable non-controlling interests. See Note 12—Investment Funds.

### **17. Commitments and Contingencies**

#### ***Non-Cancellable Operating Leases***

The Company has entered into operating lease agreements for corporate and operating facilities, warehouses and related equipment in states in which the Company conducts operations. The aggregate expense incurred under these operating leases was \$3.8 million and \$4.1 million for the three months ended June 30, 2018 and 2017. The aggregate expense incurred under these operating leases was \$7.7 million and \$8.4 million for the six months ended June 30, 2018 and 2017.

#### ***Letters of Credit***

As of June 30, 2018, the Company had established letters of credit under the Working Capital Facility for up to \$13.5 million related to insurance contracts. See Note 10—Debt Obligations.

#### ***Indemnification Obligations***

From time to time, the Company enters into contracts that contingently require it to indemnify parties against claims. These contracts primarily relate to provisions in the Company's services agreements with related parties that may require the Company to indemnify the related parties against services rendered; and certain agreements with the Company's officers and directors under which the Company may be required to indemnify such persons for liabilities. In addition, under the terms of the agreements related to the Company's investment funds and other material contracts, the Company may also be required to indemnify fund investors and other third parties for liabilities. For further information see Note 12—Investment Funds.

### **Residual Commission Payments**

The Company pays a portion of sales commissions to its sales representatives on a deferred basis. The amount deferred is based on the value of the system sold by the sales representative and payment is based on the sales representative remaining employed by the Company. As this amount is earned over time, it is not considered an initial direct cost of obtaining the contract due to the requirement that the sales representative remain in the Company's service. As a result, the amount that is earned over time is expensed by the Company over the deferral period. As of June 30, 2018, the total estimated obligation that is currently not recorded in the Company's condensed consolidated financial statements, but that will be earned and expensed over the deferral period was \$7.1 million.

### **Legal Proceedings**

In September 2015, two of the Company's customers, on behalf of themselves and a purported class, named the Company in a putative class action, Case No. BCV-15-100925 (Cal. Super. Ct., Kern County), alleging violation of California Business and Professions Code Section 17200 and requesting relief pursuant to Section 1689 of the California Civil Code. The complaint sought: (1) rescission of their PPAs along with restitution to the plaintiffs individually and (2) declaratory and injunctive relief. In October 2015, the Company moved to compel arbitration of the plaintiffs' claims pursuant to the provisions set forth in the PPAs, which the Court granted and dismissed the class claims without prejudice. The plaintiffs appealed the Court's order. On July 26, 2017, the Court of Appeal for the Fifth Appellate District ruled that all issues concerning the interpretation, validity, or enforceability of the PPAs, including the arbitrability of class claims, must be submitted to arbitration. The appellate court vacated the portion of the trial court's order dismissing class claims, requiring that issue to be determined by an arbitrator. The case proceeded in arbitration administered by JAMS. In June 2018, the parties reached a settlement with the two individual plaintiffs.

In March 2016, the Company filed suit in the Court of Chancery State of Delaware against SunEdison and SEV Merger Sub Inc. alleging that SunEdison willfully breached its obligations under the Merger Agreement pursuant to which the Company was to be acquired and breached its implied covenant of good faith and fair dealing. In April 2016, SunEdison filed for Chapter 11 bankruptcy, which stayed prosecution of the Company's litigation in the Delaware court. In September 2016, the Company submitted a proof of claim in the bankruptcy case for an unsecured claim in the initial amount of \$1.0 billion, which was subject to dispute, for damages for breach of the Merger Agreement. In April 2018, the Company reached a settlement with the litigation trustee in the bankruptcy case under which the Company's claim will be allowed in the amount of \$590.0 million. This settlement resolves both the lawsuit in the Delaware Chancery Court and the dispute about the amount of the Company's unsecured creditor claim in the bankruptcy. In April 2018, the Company received an initial distribution of \$2.1 million and expects to receive further distributions as assets are distributed to unsecured creditors under the court-approved plan of reorganization in the SunEdison bankruptcy case. While the exact amount to be distributed for this claim is unknown at this time, the payout is expected to be a small fraction of the \$590.0 million claim.

In November 2016, a customer of the Company filed a putative class action lawsuit in Superior Court in Alameda County, California, purportedly on behalf of all customers of a particular Company sales representative in California, claiming that the representative's sales practices were improper under California consumer protection law. The Company moved to dismiss that action to compel arbitration. In March 2017, the original plaintiff filed an amended complaint adding an additional plaintiff, purporting to expand the proposed class to include all customers who are eligible for the California Alternate Rates for Energy program, and adding claims of misconduct in the Company's sales practices apart from the individual representative identified in the original complaint. The Company moved to compel arbitration of the new plaintiff's claims as well. The Company disputed the allegations in both the original and amended complaints. In January 2018, the parties reached a settlement with the two individual plaintiffs. Under the settlement, in addition to certain changes to its sales process and immaterial compensation payments to the individual plaintiffs, the Company agreed to pay attorneys' fees. On May 29, 2018, the court entered an order requiring the Company to pay attorneys' fees and costs, both of which have now been paid, and which were immaterial to the Company's results of operations.

In March 2018, the New Mexico Attorney General's office filed an action against the Company and several of its officers alleging violation of state consumer protection statutes and other claims. The Company disputes the allegations in the lawsuit and intends to defend itself in the action. The Company is unable to estimate a range of loss, if any, were there to be an adverse final decision. If an unfavorable outcome were to occur in this case, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

In June 2018, four of the Company's customers, on behalf of themselves and a purported class, named the Company in a putative class action alleging violations of the Consumers Legal Remedies Act and California Business and Professions Code Section 17200 and requesting relief pursuant to Section 1689 of the California Civil Code. The complaint sought (1) rescission of their PPAs along with restitution to the plaintiffs individually and (2) declaratory and injunctive relief. The Company disputes the allegations in the complaint and intends to vigorously defend itself. The Company is unable to estimate the amount or range of potential loss, if any, at this time.

In July 2018, an individual filed a putative class action lawsuit in the U.S. District Court for the District of Columbia, purportedly on behalf of himself and other persons who received certain telephone calls. The lawsuit alleges that the Company violated the Telephone Consumer Protection Act and some of its implementing regulations. The complaint seeks statutory penalties for each alleged violation. The Company disputes the allegations in the complaint and is in the process of retaining counsel to represent it in the litigation. The Company is unable to estimate the amount or range of potential loss, if any, at this time.

In addition to the matters discussed above, in the normal course of business, the Company has from time to time been named as a party to various legal claims, actions and complaints. While the outcome of these matters cannot be predicted with certainty, the Company does not currently believe that the outcome of any of these claims will have a material adverse effect, individually or in the aggregate, on its consolidated financial position, results of operations or cash flows.

The Company accrues for losses that are probable and can be reasonably estimated. The Company evaluates the adequacy of its legal reserves based on its assessment of many factors, including interpretations of the law and assumptions about the future outcome of each case based on available information.

#### 18. Basic and Diluted Net Income (Loss) Per Share

The following table sets forth the computation of the Company's basic and diluted net income available (loss attributable) per share to common stockholders for the three and six months ended June 30, 2018 and 2017 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Numerator:</b>				
Net income available to common stockholders	\$ 18,116	\$ 4,980	\$ 5,140	\$ 18,272
<b>Denominator:</b>				
Shares used in computing net income available per share to common stockholders, basic	116,650	112,351	115,907	111,562
Weighted-average effect of potentially dilutive shares to purchase common stock	5,103	5,219	5,062	5,426
Shares used in computing net income available per share to common stockholders, diluted	121,753	117,570	120,969	116,988
<b>Net income available per share to common stockholders:</b>				
Basic	\$ 0.16	\$ 0.04	\$ 0.04	\$ 0.16
Diluted	\$ 0.15	\$ 0.04	\$ 0.04	\$ 0.16

For the three months ended June 30, 2018 and 2017, 1.5 million shares and 1.4 million shares were excluded from the dilutive share calculations as the effect on net income per share would have been anti-dilutive. For the six months ended June 30, 2018 and 2017, 1.5 million shares and 1.1 million shares were excluded from the dilutive share calculations.

#### 19. Subsequent Events

##### *Investment Fund*

In July 2018, a wholly owned subsidiary of the Company entered into an investment fund arrangement with a new fund investor. The total commitment under the investment fund arrangement is \$50.0 million. The Company's wholly owned subsidiary has the right to elect to require the fund investor to sell all of its membership units to the Company's wholly owned subsidiary once certain conditions have been met. The purchase price for the fund investor's interests is determined based on the fair market value of those interests at the time the option is exercised. The Company has not yet completed its assessment of whether the investment fund arrangement is a VIE.

##### *Multi-Party Forward Flow Financing Transaction*

On August 3, 2018 (the "Closing Date"), the Company and certain of its subsidiaries entered into a transaction to finance the purchase of residential solar energy systems, which included: (1) a senior secured loan facility with total commitments up to \$130.0 million, (2) a levered tax equity investment fund with total commitments of \$150.0 million, and (3) a cash equity investment fund with total commitments of \$47.0 million (collectively, the "Transaction"). The Transaction will finance the installation of systems with an aggregate value of approximately \$410 million, which the Company estimates will fund approximately 95 megawatts of future solar energy systems.

*Loan Facility*

Vivint Solar Asset 1 Project Company, LLC (“Borrower”), which is indirectly owned by the Company together with investors, entered into a loan agreement (the “Loan Agreement”) pursuant to which it may borrow up to an aggregate principal amount of \$130.0 million with certain financial institutions for which Wells Fargo Bank, National Association is acting as administrative agent, collateral agent and depository agent.

Borrower may make multiple borrowings under the loan agreement during the availability period, commencing on the Closing Date and continuing until late 2019 (the “Availability Period”). Proceeds of the loans will be used to (1) purchase residential solar projects from a wholly owned subsidiary of the Company, (2) fund certain reserve accounts, and (3) pay transaction costs and fees in connection with this transaction.

Interest on each loan will accrue at an annual rate equal to the U.S. swap rate for the weighted-average life of such loan, plus an applicable margin equal to the greater of (a) 1.90% plus a spread adjustment based on the risk premium on the borrowing date relative to the market index-based risk premium on the Closing Date and (b) 1.50%. Scheduled principal payments are due on a quarterly basis, at the end of January, April, July and October of each year.

*Tax Equity Investment Fund*

Vivint Solar Asset 1 Owner, LLC, which is indirectly owned by the Company together with investors, is a levered tax equity investment fund (the “Tax Equity Investment Fund”), which wholly owns the Borrower described above. The tax equity fund investors’ total commitment in the Tax Equity Investment Fund is \$150.0 million. The tax equity fund investors’ contribution of capital and the obligation of the Tax Equity Investment Fund to purchase systems from the Company is subject to customary conditions precedent, covenants, indemnities, and events of default.

The Company through a wholly owned subsidiary has the right to elect to require the tax equity fund investors to sell all of their membership units in the Tax Equity Investment Fund to the Company upon satisfaction of certain conditions. The purchase price for the tax equity fund investors’ interests is determined based on the fair market value of those interests at the time the option is exercised.

*Cash Equity Investment Fund*

Vivint Solar Asset 1 Class B, LLC, which is indirectly owned by the Company together with an investor, is a cash equity investment fund, which has an ownership interest in the Tax Equity Investment Fund described above (the “Cash Equity Investment Fund”). The cash equity fund investor’s total commitment in the Cash Equity Investment Fund is \$47.0 million. The cash equity fund investor’s contribution of capital and obligations in the Cash Equity Investment Fund are subject to customary conditions precedent, covenants, indemnities, and events of default.

The Company through a wholly owned subsidiary has the right to elect to require the cash equity fund investor to sell all of its membership units in the Cash Equity Investment Fund to the Company upon satisfaction of certain conditions. The purchase price for the cash equity fund investor’s interests is determined based on the fair market value of those interests at the time the option is exercised.

The Company has not yet completed its assessment of whether the tax equity investment fund or the cash equity investment fund arrangements are VIEs.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This section should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in Part 1, Item 1 of this report. This discussion contains certain 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. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may," "seek" and other similar expressions. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements.

These forward-looking statements include, but are not limited to:

- federal, state and local regulations and policies governing the electric utility industry;
- the regulatory regime for our offerings and for third-party owned solar energy systems;
- technical limitations imposed by operators of the power grid;
- the continuation of tax rebates, credits and incentives, including changes to the rates of the U.S. federal investment tax credit, or ITC, beginning in 2020;
- the price of utility-generated electricity and electricity from other sources;
- our ability to finance the installation of solar energy systems;
- our ability to efficiently install and interconnect solar energy systems to the power grid;
- our ability to manage growth, product offering mix and costs;
- our ability to further penetrate existing markets and expand into new markets;
- our ability to develop new product offerings and distribution channels;
- our relationship with our sister company Vivint, Inc., or Vivint, and The Blackstone Group L.P., our Sponsor;
- our ability to manage our supply chain;
- the cost of solar panels and the residual value of solar panels after the expiration of our customer contracts;
- the course and outcome of litigation and other disputes; and
- our ability to maintain our brand and protect our intellectual property.

In combination with the risk factors we have identified, we cannot assure you that the forward-looking statements in this report will prove to be accurate. Further, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all, or as predictions of future events. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### Overview

We offer distributed solar energy — electricity generated by a solar energy system installed at or near customers' locations — to residential customers primarily through a customer-focused and neighborhood-driven direct-to-home sales model. We believe we are disrupting the traditional electricity market by satisfying customers' demand for increased energy independence and less expensive, more socially responsible electricity generation. As a result, we primarily compete with traditional utilities in the markets we serve, and our strategy is to price the energy we sell below prevailing retail electricity rates. The price our customers pay to buy energy from us varies depending on the state where the customer is located, the impact of the local traditional utility, customer price sensitivity, the availability of incentives and rebates, the need to offer a compelling financial benefit and the price other solar energy companies charge in the region. We also compete with distributed solar energy system providers for solar energy system sales on the basis of price, service and availability of financing options.

Our primary product offering includes the following:

- *Power Purchase Agreements.* Under power purchase agreements, or PPAs, we charge customers a fee per kilowatt hour based on the electricity production of the solar energy system, which is billed monthly. PPAs typically have a term of 20 years and are subject to an annual price escalator of 2.9%. Over the term of the PPA, we operate the system and agree to maintain it in good condition. Customers who buy energy from us under PPAs are covered by our workmanship warranty equal to the length of the term of these agreements.
- *Legal-form Leases.* Under legal-form leases, or Solar Leases, we charge customers a fixed monthly payment to lease the solar energy system, which is based on a calculation that accounts for expected solar energy generation. Solar Leases typically have a term of 20 years and are subject to an annual price escalator of 2.9%. We provide our Solar Lease customers a performance guarantee, under which we agree to refund certain payments to the customer if the solar energy system does not meet the guaranteed production level in the prior 12-month period. Over the term of the Solar Lease, we operate the system and agree to maintain it in good condition. Customers who buy energy from us under Solar Leases are covered by our workmanship warranty equal to the length of the term of these agreements.
- *Solar Energy System Sales.* Under solar energy system sales, or System Sales, we offer our customers the option to purchase solar energy systems for cash or through third-party financing. The price for these contracts is determined as a function of the respective market rate and the size of the solar energy system to be installed. Customers can additionally contract with us for certain structural upgrades, smart home products, battery storage systems, electric vehicle charging stations and other accessories based on the market where they are located in connection with the installation of a solar energy system. We believe System Sales are advantageous to us as they provide immediate access to cash.

Of the 87.4 megawatts installed in the six months ended June 30, 2018, approximately 85% were installed under PPAs and Solar Leases and 15% were installed under System Sales.

From time to time, we have adjusted our installation policies and pricing. We have become more selective in our installation policies to increase incremental value by limiting the installation of smaller system sizes and limiting installations on certain roof types. We have also changed our pricing in certain markets to increase returns on investment or to place ourselves in a more competitive position. We continue to evaluate and make adjustments to our installation policies and pricing as our processes become more efficient and power rates increase. We also continue to evaluate pricing to optimize our use of capital based on market conditions and utility rates.

Our ability to offer long-term customer contracts depends in part on our ability to finance the installation of the solar energy systems by co-investing or entering into lease arrangements with fund investors who value the resulting customer receivables and ITCs, accelerated tax depreciation and other incentives related to the solar energy systems through structured investments known as "tax equity." Tax equity investments are generally structured as non-recourse project financings known as investment funds. In the context of the distributed solar energy market, tax equity investors make an upfront advance payment to a sponsor through an investment fund in exchange for a share of the tax attributes and cash flows emanating from an underlying portfolio of solar energy systems. In these investment funds, the U.S. federal tax attributes offset taxes that otherwise would have been payable on the investors' other operations. The terms and conditions of each investment fund vary significantly by investor and by fund. We continue to negotiate with financial investors to create additional investment funds.

With one exception, our investment funds have adopted the partnership or inverted lease structures. Under partnership structures, we and our fund investors contribute cash into a partnership company. The partnership uses this cash to acquire solar energy systems developed by us and sells energy from such systems to customers or directly leases the solar energy systems to customers. Under our existing inverted lease structures, we and the fund investor set up a multi-tiered investment vehicle, comprised of two partnership entities, that facilitates the pass through of the tax benefits to the fund investors. In this structure, we contribute solar energy systems to a lessor partnership entity in exchange for interests in the lessor partnership and the fund investors contribute cash to a lessee partnership in exchange for interests in the lessee partnership which in turn makes an investment in the lessor partnership entity in exchange for interests in the lessor partnership. The lessor partnership distributes the cash contributions received from the lessee partnership to our wholly owned subsidiary that contributed the projects to the lessor partnership. The lessor partnership leases the contributed solar energy systems to the lessee partnership under a master lease, and the lessee partnership pays the lessor partnership rent for those systems.

We have determined that we are the primary beneficiary in these partnership and inverted lease structures for accounting purposes. Accordingly, we consolidate the assets and liabilities and operating results of these partnerships in our condensed consolidated financial statements. We recognize the fund investors' share of the net assets of the investment funds as non-controlling interests and redeemable non-controlling interests in our condensed consolidated balance sheets. These income or loss allocations, reflected on our condensed consolidated statements of operations, may create significant volatility in our reported results of operations, including potentially changing net (loss attributable) income available to common stockholders from loss to income, or vice versa, from quarter to quarter.

#### Recent Developments

Refer to Note 19—Subsequent Events for details on recent developments.

#### 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. These estimates 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, these estimates are based on a combination of assumptions that may not prove to be accurate over time, particularly given that a number of them involve estimates of cash flows up to 30 years in the future. Underperformance of the solar energy systems, payment defaults by our customers, cancellation of signed contracts, competition from other distributed solar energy companies, development in the distributed solar energy market and the energy market more broadly, technical innovation or other factors described under the section of this report captioned "Risk Factors" could cause our actual results to differ materially from our calculations. Furthermore, while we believe we have calculated these key metrics in a manner consistent with those used by others in our industry, other companies may in fact calculate these metrics differently than we do now or in the future, which would reduce their usefulness as a comparative measure.

- *Solar energy system installations* . Solar energy system installations represents the number of solar energy systems installed on customers' premises. Cumulative solar energy system installations represents the aggregate number of solar energy systems that have been installed on customers' premises. We track the number of solar energy system installations as of the end of a given period as an indicator of our historical growth and as an indicator of our rate of growth from period to period.
- *Megawatts installed* . Megawatts installed represents the aggregate megawatt nameplate capacity of solar energy systems for which panels, inverters, and mounting and racking hardware have been installed on customers' premises in the period. Cumulative megawatts installed represents the aggregate megawatt nameplate capacity of solar energy systems for which panels, inverters, and mounting and racking hardware have been installed on customers' premises.
- *Estimated nominal contracted payments remaining* . Estimated nominal contracted payments remaining equals the sum of the remaining cash payments that our customers are expected to pay over the term of their PPAs or Solar Leases with us for systems installed as of the measurement date. For a PPA, we multiply the contract price per kilowatt-hour by the estimated annual energy output of the associated solar energy system to determine the estimated nominal contracted payments. For a Solar Lease, we include the monthly fees and upfront fee, if any, as set forth in the lease.
- *Estimated retained value under energy contracts* . Estimated retained value under energy contracts represents the estimated retained value from the solar energy systems during the typical 20-year term of our PPAs and Solar Leases.
- *Estimated retained value of renewal* . Estimated retained value of renewal represents the estimated retained value associated with an assumed 10-year renewal term following the expiration of the initial PPA or Solar Lease term. To calculate estimated retained value of renewal, we assume all PPAs and Solar Leases are renewed at 90% of the contractual price in effect at the expiration of the initial term.
- *Estimated retained value* . Estimated retained value represents the net cash flows discounted at 6% that we expect to receive from customers pursuant to PPAs and Solar Leases net of estimated cash distributions to fund investors and estimated operating expenses for systems installed as of the measurement date.
- *Estimated retained value per watt* . Estimated retained value per watt is calculated by dividing the estimated retained value as of the measurement date by the aggregate nameplate capacity of solar energy systems under PPAs and Solar Leases that have been installed as of such date, and is subject to the same assumptions and uncertainties as estimated retained value.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Solar energy system installations	6,678	7,108	12,491	13,689
Megawatts installed	47.0	46.9	87.4	92.7

Solar energy system installations and megawatts installed have decreased for the six months ended June 30, 2018 compared to the prior period due in part to our taking a disciplined approach to install solar energy systems more profitably, slowing growth in the residential solar market, as well as increased competition. Our focus on profitability has included increasing prices in certain markets and moving employees to more profitable markets, which has contributed to the decreases in solar energy system installations and megawatts installed.

	June 30, 2018	December 31, 2017
Cumulative solar energy system installations	139,321	126,830
Cumulative megawatts installed	952.3	864.9
Estimated nominal contracted payments remaining (in millions)	\$ 3,267.3	\$ 3,021.6
Estimated retained value under energy contracts (in millions)	\$ 1,379.8	\$ 1,238.0
Estimated retained value of renewal (in millions)	\$ 424.7	\$ 377.1
Estimated retained value (in millions)	\$ 1,804.5	\$ 1,615.1
Estimated retained value per watt	\$ 2.06	\$ 2.00

#### Seasonality

We experience seasonal fluctuations in our operations. For example, the amount of revenue we recognize in a given period from PPAs is dependent in part on the amount of energy generated by solar energy systems under such contracts. As a result, operating leases and incentives revenue is impacted by seasonally shorter daylight hours in winter months. In addition, our ability to install solar energy systems is impacted by weather. For example, we have limited ability to install solar energy systems during the winter months in the Northeastern United States and other areas where winter weather is impactful. Such delays can impact the timing of when we can install and begin to generate revenue from solar energy systems. However, the true extent of these fluctuations may have been masked by our historical growth rates and thus may not be readily apparent from our historical operating results and may be difficult to predict. As such, our historical operating results may not be indicative of future performance.

#### Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, cash flows and related footnote disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. Our future condensed consolidated financial statements will be affected to the extent that our actual results materially differ from these estimates.

We believe that the assumptions and estimates associated with ITCs, revenue recognition, solar energy systems, net, the impairment analysis of long-lived assets, stock-based compensation, the provision for income taxes, the valuation of derivative financial instruments, the recognition and measurement of loss contingencies, and non-controlling interests and redeemable non-controlling interests have the greatest potential impact on our condensed consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Effective January 1, 2018, we adopted the following Accounting Standards Updates, or ASUs:

- *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*, or Topic 606, provides guidance for recognizing revenue related to customer contracts not covered by lease or other GAAP requirements. This guidance was adopted using the modified retrospective method. The adoption of Topic 606 resulted in a decrease in revenue of \$0.9 million and \$3.2 million for the three and six months ended June 30, 2018 and a cumulative adjustment to retained earnings, net of tax, as of January 1, 2018 of \$19.2 million.
- *ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, or ASU 2016-16, requires that the tax effect of intra-entity transfers of assets other than inventory be recognized upon transfer of the asset. This guidance was adopted using the modified retrospective method. The adoption of ASU 2016-16 resulted in a cumulative adjustment to retained earnings of \$493.1 million and to deferred tax liability, net, of \$12.8 million as of January 1, 2018.

- *ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, or ASU 2018-02, permits stranded tax effects caused by the Tax Cuts and Jobs Act, or TCJA, to be reclassified from accumulated other comprehensive income, or AOCI, to retained earnings. Effective January 1, 2018, we reclassified tax effects of approximately \$1.5 million to retained earnings.
- *ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, or ASU 2017-12, made targeted improvements to accounting for hedge activities by easing certain documentation and assessment requirements and eliminating the requirement to separately measure and report hedge ineffectiveness. This update was adopted using a modified retrospective method. The net amount recorded to retained earnings as a result of adopting ASU 2017-12 was approximately \$1.8 million.
- *ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, or ASU 2016-18, clarified that transfers between cash and restricted cash are not reported as cash flow activities in the statement of cash flows. This update was applied retrospectively, resulting in an adjustment to the beginning-of-period and end-of-period total amounts on the condensed consolidated statements of cash flows.

See Note 2—Summary of Significant Accounting Policies for additional details on each of these ASUs.

There have been no other material changes to our critical accounting policies and estimates during the six months ended June 30, 2018 from those disclosed in our annual report on Form 10-K for the year ended December 31, 2017.

## Components of Results of Operations

### Revenue

*Operating Leases and Incentives.* We classify and account for our PPAs as operating leases and recognize revenue from these contracts based on the actual amount of power generated at rates specified under the contracts. We also classify and account for our Solar Leases, which include performance guarantees, as operating leases, and recognize revenue from these contracts on a straight-line basis over the lease term.

We apply for and receive SRECs in certain jurisdictions for power generated by solar energy systems we have installed. We generally recognize revenue related to the sale of SRECs upon delivery to the buyer. The market for SRECs is extremely volatile and sellers are often able to obtain better unit pricing by selling a large quantity of SRECs. As a result, we may sell SRECs infrequently, at opportune times and in large quantities and the timing and volume of our SREC sales may lead to fluctuations in our quarterly results.

*Solar Energy System and Product Sales.* Solar energy systems and product sales primarily include revenue from System Sales. Revenue for System Sales is recognized when systems are interconnected to local power grids and granted permission to operate, assuming all other revenue recognition criteria are met. Revenue from System Sales increased during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. However, we expect System Sales to decline as a percentage of total installations in the second half of 2018 compared to the second half of 2017 due primarily to shifts in product and market mix. We recently implemented dynamic pricing where we pay higher sales commissions for more profitable solar energy systems. As a result, some of our sales representatives moved from markets that primarily offered System Sales to higher yield markets, thereby reducing System Sales. We anticipate that this trend may continue in the near term, though System Sales will continue to be a meaningful part of our installations. Revenue related to the sale of photovoltaic installation products is recognized at the time of product shipment to the customer, assuming the remaining revenue recognition criteria have been met. Revenue mix will likely vary on a period-to-period basis as a result of regulatory, competitive and other local market conditions.

The following table sets forth our revenue by major product (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue:				
Operating leases and other incentives	\$ 42,799	\$ 35,179	\$ 65,922	\$ 54,585
SREC sales	11,966	7,344	19,957	15,946
ITC revenue	—	890	—	3,271
Total operating leases and incentives	54,765	43,413	85,879	73,802
System Sales	25,283	28,943	62,047	51,017
Photovoltaic installation products	571	484	943	993
SREC sales	179	155	179	297
Total solar energy system and product sales	26,033	29,582	63,169	52,307
Total revenue	\$ 80,798	\$ 72,995	\$ 149,048	\$ 126,109

#### Operating Expenses

*Cost of Revenue—Operating Leases and Incentives.* Cost of revenue—operating leases and incentives includes the depreciation of the cost of solar energy systems under long-term customer contracts, which are depreciated for accounting purposes over 30 years; and the amortization of the related capitalized initial direct costs, which are amortized over the term of the long-term customer contract. It also includes allocated indirect material and labor costs related to the processing; account creation; design; installation; interconnection and servicing of solar energy systems that are not capitalized, such as personnel costs not directly associated to a solar energy system installation; warehouse rent and utilities; and fleet vehicle executory costs. The cost of operating leases and incentives also includes allocated facilities and information technology costs. The cost of revenue for the sales of SRECs is limited to broker fees which are paid in connection with certain SREC transactions. In the second half of 2018, we expect the cost of operating leases and incentives revenue will increase in absolute dollars compared to the first half of 2018 primarily due to depreciation associated with additional solar energy systems being placed in service.

*Cost of Revenue—Solar Energy System and Product Sales.* Cost of revenue—solar energy system and product sales consists of direct and allocated indirect material and labor costs and overhead costs for System Sales, photovoltaic installation products and structural upgrades. Indirect material and labor costs are ratably allocated to System Sales and include costs related to the processing; account creation; design; installation; interconnection and servicing of solar energy systems, such as personnel costs not directly associated to a solar energy system installation; warehouse rent and utilities; and fleet vehicle executory costs. The cost of solar energy system and product sales also includes allocated facilities and information technology costs. Costs of solar energy system sales are recognized in conjunction with the related revenue upon the solar energy system passing an inspection by the responsible governmental department after completion of system installation and interconnection to the power grid, assuming all other revenue recognition criteria are met. In the second half of 2018, we expect the cost of solar energy system and product sales to be lower compared to 2017 due primarily to lower System Sales.

*Sales and Marketing.* Sales and marketing expenses include personnel costs, such as salaries, benefits, bonuses and stock-based compensation for our corporate sales and marketing employees, certain non-capitalizable commission payments and exclude costs related to our direct sales personnel that are accounted for as cost of revenue. Sales and marketing expenses also include advertising, promotional and other marketing-related expenses; allocated facilities and information technology costs; travel; professional services and costs related to pre-installation sales activities. In the second half of 2018, we expect sales and marketing costs will increase in absolute dollars compared to the first half of 2018 due in part to increased costs related to the Company's residual commission payments. Refer to Note 17—Commitments and Contingencies for additional details about residual commission payments.

*Research and Development.* Research and development expense is comprised primarily of salaries and benefits and other costs related to the development of photovoltaic installation products and other solar technologies. Research and development costs are charged to expense when incurred. In the second half of 2018, we expect research and development costs will remain relatively consistent in absolute dollars compared to the first half of 2018.

*General and Administrative.* General and administrative expenses include personnel costs, such as salaries, bonuses and stock-based compensation related to our general and administrative personnel; professional fees related to legal, human resources, accounting and structured finance services; travel; and allocated facilities and information technology costs. In the second half of 2018, we expect general and administrative expenses will increase in absolute dollars due in part to additional funding activities compared to the first half of 2018.

*Amortization of Intangible Assets.* We have recorded intangible assets at their fair value related to acquisitions in which we have been involved and at cost for internally developed software projects. Such intangible assets are amortized over their estimated useful lives.

***Non-Operating Expenses***

*Interest Expense.* Interest expense primarily consists of the interest charges associated with our indebtedness including the amortization of debt issuance costs and the interest component of capital lease obligations. In the second half of 2018, we expect our interest expense to increase in absolute dollars compared to the first half of 2018 as we have incurred additional indebtedness. Additionally, some of our debt facilities accrue interest at floating rates and increases in those floating rates would result in higher interest expense.

*Other (Income) Expense, net.* Other (income) expense, net primarily consists of changes in fair value for our interest rate swaps not designated as hedges and in the three and six months ended June 30, 2018, an initial distribution that we received from one of our legal proceedings.

*Income Tax Expense.* All of our business is conducted in the United States, and therefore income tax expense consists of current and deferred income taxes incurred in U.S. federal, state and local jurisdictions.

***Net Income Available to Common Stockholders***

We determine the net income available to common stockholders by deducting from net loss the net loss attributable to non-controlling interests and redeemable non-controlling interests, which represents the investment fund investors' allocable share in the results of operations of the investment funds that we consolidate. Generally, gains and losses that are allocated to the fund investors under the hypothetical liquidation at book value, or HLBV, method relate to hypothetical liquidation gains and losses resulting from differences between the net assets of the investment fund and the partners' respective tax capital accounts in the investment fund. As of June 30, 2018, we had one operational investment fund that did not utilize the HLBV method to allocate gains and losses as we own 100% of the equity of that fund and there is no non-controlling interest attributable to a fund investor.

## Results of Operations

The results of operations presented below should be reviewed in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report.

The following table sets forth selected condensed consolidated statements of operations data for each of the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands)			
Revenue:				
Operating leases and incentives	\$ 54,765	\$ 43,413	\$ 85,879	\$ 73,802
Solar energy system and product sales	26,033	29,582	63,169	52,307
Total revenue	80,798	72,995	149,048	126,109
Cost of revenue:				
Cost of revenue—operating leases and incentives	41,366	33,763	80,053	68,833
Cost of revenue—solar energy system and product sales	18,990	22,831	45,035	41,496
Total cost of revenue	60,356	56,594	125,088	110,329
Gross profit	20,442	16,401	23,960	15,780
Operating expenses:				
Sales and marketing	14,033	9,411	25,158	18,229
Research and development	511	895	997	1,791
General and administrative	21,879	20,301	41,730	40,880
Amortization of intangible assets	130	139	266	279
Total operating expenses	36,553	30,746	68,151	61,179
Loss from operations	(16,111)	(14,345)	(44,191)	(45,399)
Interest expense	11,336	16,838	28,258	31,559
Other (income) expense, net	(4,109)	715	(6,370)	991
Loss before income taxes	(23,338)	(31,898)	(66,079)	(77,949)
Income tax expense	35,352	5,156	53,995	14,557
Net loss	(58,690)	(37,054)	(120,074)	(92,506)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(76,806)	(42,034)	(125,214)	(110,778)
Net income available to common stockholders	\$ 18,116	\$ 4,980	\$ 5,140	\$ 18,272

### Comparison of Three Months Ended June 30, 2018 and 2017

#### Revenue

	Three Months Ended June 30,		\$ Change 2018 from 2017
	2018	2017	
	(In thousands)		
Revenue:			
Operating leases and incentives	\$ 54,765	\$ 43,413	\$ 11,352
Solar energy system and product sales	26,033	29,582	(3,549)
Total revenue	\$ 80,798	\$ 72,995	\$ 7,803

*Operating Leases and Incentives.* The \$11.4 million increase was due in part to a \$7.4 million increase in operating lease revenue as the total megawatts of solar energy systems placed in service under these long-term customer contracts increased 20% and a \$4.6 million increase in SREC revenue.

*Solar Energy System and Product Sales.* The \$3.5 million decrease was primarily due to a decrease in solar energy systems placed in service under System Sales compared to the second quarter of 2017, reflecting shifts in product and market mix.

Cost of Revenue

	Three Months Ended June 30,		S Change 2018 from 2017
	2018	2017	
(In thousands)			
Cost of revenue:			
Cost of revenue—operating leases and incentives	\$ 41,366	\$ 33,763	\$ 7,603
Cost of revenue—solar energy system and product sales	18,990	22,831	(3,841)
Total cost of revenue	\$ 60,356	\$ 56,594	\$ 3,762

*Cost of Revenue—Operating Leases and Incentives* . The \$7.6 million increase was due in part to a \$4.0 million increase related to growth in the post-installation maintenance organization to accommodate the increase in the number of solar energy systems placed in service and other non-capitalized installation expense, and a \$2.4 million increase in depreciation and amortization of solar energy systems due to the increase in the number of solar energy systems placed in service.

*Cost of Revenue—Solar Energy System and Product Sales* . The \$3.8 million decrease reflected a lower volume of System Sales compared to the prior year period.

Operating Expenses

	Three Months Ended June 30,		S Change 2018 from 2017
	2018	2017	
(In thousands)			
Operating expenses:			
Sales and marketing	\$ 14,033	\$ 9,411	\$ 4,622
Research and development	511	895	(384)
General and administrative	21,879	20,301	1,578
Amortization of intangible assets	130	139	(9)
Total operating expenses	\$ 36,553	\$ 30,746	\$ 5,807

*Sales and Marketing* . The \$4.6 million increase was primarily due to a \$2.6 million increase in compensation and benefits due to an increase in non-capitalized residual commission payments and inside sales headcount and a \$1.4 million increase in pre-installation costs.

*Research and Development* . The \$0.4 million decrease was primarily due to a decrease in compensation and benefits resulting from a decrease in research and development headcount.

*General and Administrative* . The \$1.6 million increase was primarily due to a \$1.8 million increase in professional fees related to establishing additional investment funds in the current period.

Non-Operating Expenses

	Three Months Ended June 30,		S Change 2018 from 2017
	2018	2017	
(In thousands)			
Interest expense	\$ 11,336	\$ 16,838	\$ (5,502)
Other (income) expense, net	(4,109)	715	(4,824)

*Interest Expense* . Interest expense decreased \$5.5 million primarily due to a \$22.5 million reduction in interest expense resulting from the settlement of the interest rate swaps associated with the 2016 Term Loan Facility, which were designated as hedges, and a \$1.3 million reduction in amortization of debt issuance costs. These decreases were partially offset by a \$9.8 million charge to write off remaining debt issuance costs related to the 2016 Term Loan Facility and Subordinated HoldCo Facility, both of which were refinanced and terminated in the current period, a \$5.9 million prepayment fee related to the termination of the Subordinated HoldCo Facility and a \$2.7 million increase in interest expense due to additional borrowings year over year and higher interest rates on our floating-rate debt facilities.

*Other (Income) Expense, net.* The \$4.8 million change from other expense to other income was primarily due to a \$2.7 million change in the fair value of our derivative financial instruments and a \$2.1 million payment received as an initial distribution to us in one of our legal proceedings.

*Income Taxes*

	Three Months Ended June 30,		S Change 2018 from 2017
	2018	2017 (In thousands)	
Income tax expense	\$ 35,352	\$ 5,156	\$ 30,196

The \$30.2 million increase in income tax expense was primarily attributable to a net \$13.2 million additional expense as a result of the adoption of ASU 2016-16, a tax-effected \$8.7 million reduced loss before income taxes, \$7.3 million associated with the net tax effect of non-controlling interests and redeemable non-controlling interests, and a \$4.1 million decrease in income tax credits. These increases in income tax expense were partially offset by \$1.5 million associated with the federal income tax rate being reduced from 35% to 21%.

*Net Loss Attributable to Non-Controlling Interests and Redeemable Non-Controlling Interests*

	Three Months Ended June 30,		S Change 2018 from 2017
	2018	2017 (In thousands)	
Net loss attributable to non-controlling interests and redeemable non-controlling interests	\$ (76,806)	\$ (42,034)	\$ (34,772)

Net loss attributable to non-controlling interests and redeemable non-controlling interests was allocated using the HLBV method. Generally, gains and losses that are allocated to the fund investors relate to hypothetical liquidation gains and losses resulting from differences between the net assets of the investment fund and the partners' respective tax capital accounts in the investment fund. Losses allocated to the fund investors are generally derived from the receipt of ITCs and tax depreciation under Internal Revenue Code Section 168. These tax benefits are primarily allocated to the investors and reduce the fund investors' tax capital account. The \$34.8 million increase in net loss attributable to non-controlling interests and redeemable non-controlling interests is primarily due to a higher volume of solar energy systems installed and placed in service under PPA and Solar Lease agreements compared to the same period in 2017.

*Comparison of Six Months Ended June 30, 2018 and 2017*

*Revenue*

	Six Months Ended June 30,		S Change 2018 from 2017
	2018	2017 (In thousands)	
Revenue:			
Operating leases and incentives	\$ 85,879	\$ 73,802	\$ 12,077
Solar energy system and product sales	63,169	52,307	10,862
Total revenue	\$ 149,048	\$ 126,109	\$ 22,939

*Operating Leases and Incentives.* The \$12.1 million increase was due in part to a \$10.9 million increase in operating lease revenue as the total megawatts of solar energy systems placed in service under these long-term customer contracts increased 20% and a \$4.0 million increase in SREC revenue. This increase was partially offset by a decrease in ITC revenue of \$3.3 million due to the adoption of new accounting pronouncements effective January 1, 2018.

*Solar Energy System and Product Sales.* The \$10.9 million increase was primarily due to an increase in solar energy systems placed in service under System Sales compared to the same period in 2017.

Cost of Revenue

	Six Months Ended June 30,		S Change 2018 from 2017
	2018	2017	
(In thousands)			
Cost of revenue:			
Cost of revenue—operating leases and incentives	\$ 80,053	\$ 68,833	\$ 11,220
Cost of revenue—solar energy system and product sales	45,035	41,496	3,539
Total cost of revenue	\$ 125,088	\$ 110,329	\$ 14,759

*Cost of Revenue—Operating Leases and Incentives* . The \$11.2 million increase was due in part to a \$7.3 million increase related to growth in the post-installation maintenance organization to accommodate the increase in the number of solar energy systems placed in service and other non-capitalized installation expense, and a \$5.0 million increase in depreciation and amortization of solar energy systems due to the increase in the number of solar energy systems placed in service.

*Cost of Revenue—Solar Energy System and Product Sales* . The \$3.5 million increase reflected the higher volume of System Sales placed in service.

Operating Expenses

	Six Months Ended June 30,		S Change 2018 from 2017
	2018	2017	
(In thousands)			
Operating expenses:			
Sales and marketing	\$ 25,158	\$ 18,229	\$ 6,929
Research and development	997	1,791	(794)
General and administrative	41,730	40,880	850
Amortization of intangible assets	266	279	(13)
Total operating expenses	\$ 68,151	\$ 61,179	\$ 6,972

*Sales and Marketing* . The \$6.9 million increase was primarily due to a \$4.3 million increase in compensation and benefits due to an increase in non-capitalized residual commission payments and inside sales headcount and a \$1.9 million increase in pre-installation costs.

*Research and Development* . The \$0.8 million decrease was primarily due to a decrease in compensation and benefits resulting from a decrease in research and development headcount.

*General and Administrative* . The \$0.9 million increase was primarily due to a \$1.9 million increase in professional fees related to establishing additional investment funds in the current period. This increase was partially offset by a \$0.7 million decrease in depreciation.

Non-Operating Expenses

	Six Months Ended June 30,		S Change 2018 from 2017
	2018	2017	
(In thousands)			
Interest expense	\$ 28,258	\$ 31,559	\$ (3,301)
Other (income) expense, net	(6,370)	991	(7,361)

*Interest Expense* . Interest expense decreased \$3.3 million primarily due to a \$22.5 million reduction in interest expense resulting from the settlement of the interest rate swaps associated with the 2016 Term Loan Facility, which were designated as hedges, and a \$1.4 million reduction in amortization of debt issuance costs. These decreases were partially offset by a \$9.8 million charge to write off remaining debt issuance costs related to the 2016 Term Loan Facility and Subordinated HoldCo Facility, both of which were refinanced and terminated in the current period, a \$5.9 million prepayment fee related to the termination of the Subordinated HoldCo Facility and a \$5.2 million increase in interest expense due to additional borrowings year over year and higher interest rates on our floating-rate debt facilities.

*Other (Income) Expense, net.* The \$7.4 million change from other expense to other income was primarily due to a \$5.2 million change in the fair value of our derivative financial instruments and a \$2.1 million payment received as an initial distribution to us in one of our legal proceedings.

*Income Taxes*

	Six Months Ended June 30,		\$ Change 2018 from 2017
	2018	2017 (In thousands)	
Income tax expense	\$ 53,995	\$ 14,557	\$ 39,438

The \$39.4 million increase in income tax expense was primarily attributable to a net \$23.3 million additional expense as a result of the adoption of ASU 2016-16, a tax-effected \$11.9 million reduced loss before income taxes, an \$8.0 million decrease in income tax credits, and \$3.0 million associated with the net tax effect of non-controlling interests and redeemable non-controlling interests. These increases in income tax expense were partially offset by \$4.8 million associated with the federal income tax rate being reduced from 35% to 21%.

*Net Loss Attributable to Non-Controlling Interests and Redeemable Non-Controlling Interests*

	Six Months Ended June 30,		\$ Change 2018 from 2017
	2018	2017 (In thousands)	
Net loss attributable to non-controlling interests and redeemable non-controlling interests	\$ (125,214)	\$ (110,778)	\$ (14,436)

Net loss attributable to non-controlling interests and redeemable non-controlling interests was allocated using the HLBV method. Generally, gains and losses that are allocated to the fund investors relate to hypothetical liquidation gains and losses resulting from differences between the net assets of the investment fund and the partners' respective tax capital accounts in the investment fund. Losses allocated to the fund investors are generally derived from the receipt of ITCs and tax depreciation under Internal Revenue Code Section 168. These tax benefits are primarily allocated to the investors and reduce the fund investors' tax capital account. The \$14.4 million increase in net loss attributable to non-controlling interests and redeemable non-controlling interests is primarily due to a higher volume of solar energy systems installed and placed in service under PPA and Solar Lease agreements compared to the same period in 2017.

**Liquidity and Capital Resources**

As of June 30, 2018, we had cash and cash equivalents of \$174.0 million, which consisted principally of cash and time deposits with high-credit-quality financial institutions. As discussed in Note 10—Debt Obligations and Note 12—Investment Funds, we do not have full access to a portion of our cash and cash equivalents. Additional details regarding our existing credit facilities are included in the consolidated financial statements and accompanying notes included in our annual report on Form 10-K dated as of March 7, 2018. We finance our operations primarily from investment fund arrangements that we have formed with fund investors, from borrowings and from cash inflows from operations.

Our principal uses of cash are funding our operations, including the costs of acquisition and installation of solar energy systems, working capital requirements and the satisfaction of our obligations under our debt instruments. Our business model requires substantial outside financing arrangements to grow the business and facilitate the deployment of additional solar energy systems. While there can be no assurances, we anticipate raising additional required capital from new and existing fund investors, additional borrowings, cash from System Sales and other potential financing vehicles.

We may seek to raise financing through the sale of equity, equity-linked securities, additional borrowings or other financing vehicles. Additional equity or equity-linked financing may be dilutive to our stockholders. If we raise funding through additional borrowings, such borrowings would have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations. We believe our cash and cash equivalents, including our investment fund commitments, projected investment fund contributions and our current debt facilities as further described below, in addition to financing that we may obtain from other sources, including our financial sponsors, will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, if we are unable to secure additional financing when needed, or upon desirable terms, we may be unable to finance installation of our customers' systems in a manner consistent with our past performance, our cost of capital could increase, or we may be required to significantly reduce the scope of our operations, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, our investment funds and debt instruments impose restrictions on our ability to draw on financing commitments. If we are unable to satisfy such conditions, we may incur penalties for non-performance under certain investment funds, experience installation delays, or be unable to make installations in accordance with our plans or at all. Any of these factors could also impact customer satisfaction, our business, operating results, prospects and financial condition. While we believe additional financing is available and will continue to be available to support our current level of operations, we believe we have the ability and intent to reduce operations to the level of available financial resources for at least the next 12 months, if necessary.

#### Sources of Funds

##### Investment Fund Commitments

As of July 31, 2018, we had raised 24 residential investment funds to which investors such as banks and other large financial investors have committed to invest approximately \$1.7 billion. The undrawn committed capital for these funds as of July 31, 2018 is approximately \$125.2 million, which we estimate will fund approximately 78 megawatts of future deployments.

##### Debt Instruments

Debt obligations consisted of the following as of June 30, 2018 (in thousands, except interest rates):

	Principal Borrowings Outstanding	Unused Borrowing Capacity	Interest Rate	Maturity Date
Solar asset backed notes, Series 2018-1	\$ 466,000	\$ —	*	October 2028
Solar asset backed notes, Series 2018-2 (1)(2)	345,000	—	5.2%	August 2023
2017 Term loan facility	193,995	—	6.0	January 2035
Credit agreement	1,291	—	6.5	February 2023
Revolving lines of credit				
Aggregation facility	—	375,000	—	September 2020
Working capital facility (3)	136,500	—	5.3	March 2020
Total debt	<u>\$ 1,142,786</u>	<u>\$ 375,000</u>		

\* The Series 2018-1 Notes are comprised of Class A and Class B Notes. Class A Notes accrue interest at 4.73%. Class B Notes accrue interest at 7.37%.

(1) The Series 2018-2 Notes are comprised of Class A and Class B Notes. Class B Notes accrue interest at a rate of LIBOR plus 4.75%. Class A Notes accrue interest at a variable spread over LIBOR that results in a weighted average spread for all 2018-2 Notes of 2.95%.

(2) The interest rate of this facility is partially hedged to an effective interest rate of 6.0% for \$327.8 million of the principal borrowings. See Note 11—Derivative Financial Instruments.

(3) Facility is recourse debt, which refers to debt that is collateralized by our general assets. All of our other debt obligations are non-recourse, which refers to debt that is only collateralized by specified assets or our subsidiaries.

See Note 10—Debt Obligations for additional details regarding the debt facilities outstanding at June 30, 2018.

##### Revenue from Operations

In the three and six months ended June 30, 2018, we generated \$54.8 million and \$85.9 million in revenue from operating leases and incentives, which approximates cash inflow. Cash related to our System Sales is generally received prior to revenue recognition, and we received \$23.9 million and \$55.4 million related to System Sales for the three and six months ended June 30, 2018. The cash from our revenue partially offsets the cash used in operations for the period.

#### Uses of Funds

Our principal uses of cash are funding our operations, including the costs of acquisition and installation of solar energy systems, satisfaction of our obligations under our debt instruments and other working capital requirements. From time to time, we also reimburse portions of fund investors' capital as a result of delays in the installation process and interconnection to the power grid of solar energy systems and other factors. We expect our capital expenditures to continue to increase as we continue to install additional solar energy systems. We will need to raise financing to support our operations, and such financing may not be available to us on acceptable terms, or at all.

#### Historical Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,	
	2018	2017
Net cash (used in) provided by:	(In thousands)	
Operating activities	\$ (18,866)	\$ (13,424)
Investing activities	(144,469)	(144,566)
Financing activities	249,097	193,447
Net increase in cash and cash equivalents, including restricted amounts	\$ 85,762	\$ 35,457

#### Operating Activities

In the six months ended June 30, 2018, we had a net cash outflow from operations of \$18.9 million. This was primarily due to outflows of \$12.4 million from our net loss excluding noncash and non-operating items and \$6.4 million of outflows from changes in working capital.

#### Investing Activities

In the six months ended June 30, 2018, we used \$144.5 million for investing activities primarily due to \$146.2 million in costs associated with the design, acquisition and installation of solar energy systems. These outflows were partially offset by \$1.8 million in proceeds from disposals of property and equipment.

#### Financing Activities

In the six months ended June 30, 2018, we generated \$249.1 million from financing activities, of which \$876.0 million represented proceeds from long-term debt and \$108.3 million represented proceeds from investments by non-controlling interests and redeemable non-controlling interests received by our investment funds. These proceeds were partially offset by repayments of long-term debt of \$689.3 million, distributions to non-controlling interests and redeemable non-controlling interests of \$28.6 million and payments on debt issuance and deferred offering costs of \$17.7 million.

## Contractual Obligations

Our contractual commitments and obligations as of December 31, 2017 are set forth in the following table. Material changes that have occurred during the six months ended June 30, 2018 are included in the footnotes to the table.

	Payments Due by Period				Total
	Less than 1 Year	1-3 Years	3-5 Years (In thousands)	More than 5 Years	
Long-term debt (1)	\$ 13,939	\$ 491,052	\$ 283,876	\$ 167,240	\$ 956,107
Interest payments related to long-term debt (2)	54,611	86,841	28,233	69,434	239,119
Distributions payable to non-controlling interests and redeemable non-controlling interests (3)	16,437	—	—	—	16,437
Capital lease obligations and interest	4,457	1,687	—	—	6,144
Operating lease obligations	11,161	15,616	18,543	73,090	118,410
Total	<u>\$ 100,605</u>	<u>\$ 595,196</u>	<u>\$ 330,652</u>	<u>\$ 309,764</u>	<u>\$ 1,336,217</u>

- (1) Does not include additional borrowings and repayments during the six months ended June 30, 2018, which resulted in a net \$186.7 million increase in principal borrowings. These borrowings included the following activity: under the Series 2018-1 Notes maturing in October 2028, we incurred \$466.0 million of principal borrowings; under the Series 2018-2 Notes maturing in August 2023, we incurred \$345.0 million of principal borrowings; under the 2016 Term Loan Facility which was terminated in June 2018, we reduced principal borrowings by \$287.9 million; under the Subordinated HoldCo Facility which was terminated in June 2018, we reduced principal borrowings by \$197.6 million; under the Aggregation Facility maturing in September 2020, we reduced principal borrowings by \$135.0 million; and under the 2017 Term Loan Facility maturing in January 2035, we reduced principal borrowings by \$3.8 million. For additional information, see Note 10—Debt Obligations.
- (2) Does not include increases in interest payments related to changes in long-term debt during the six months ended June 30, 2018, which for payments due in less than one year increased \$11.6 million, payments due in one to three years increased \$32.5 million, payments due in three to five years increased \$79.6 million and payments due in more than five years increased \$137.7 million.
- (3) During the six months ended June 30, 2018, distributions payable to non-controlling interests and redeemable non-controlling interests decreased by \$6.3 million.

## Off-Balance Sheet Arrangements

We include in our condensed 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

For a description of recent accounting pronouncements that we are evaluating, see Note 2—Summary of Significant Accounting Policies.

## Emerging Growth Company Status

Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not “emerging growth companies.”

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk for changes in interest rates relates primarily to our cash and cash equivalents and our indebtedness.

As of June 30, 2018, we had cash and cash equivalents of \$174.0 million. Our cash equivalents are time deposits with maturities of three months or less at the time of purchase. Our primary exposure to market risk on these funds is interest income sensitivity, which is affected by changes in the general level of the interest rates in the United States. However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on our condensed consolidated financial statements.

As of June 30, 2018, interest on our floating-rate debt facilities accrued at a weighted-average rate of approximately 5.3%. A hypothetical 10% increase in the interest rates on our floating-rate debt facilities would have increased our interest expense by approximately \$0.4 million for the six months ended June 30, 2018.

All of our operations are in the United States and all purchases of our solar energy system components are denominated in U.S. dollars. However, our suppliers often incur a significant amount of their costs by purchasing raw materials and generating operating expenses in foreign currencies. If the value of the U.S. dollar depreciates significantly or for a prolonged period of time against these currencies, our suppliers may raise the prices they charge us, which could harm our financial results.

#### **Item 4. Controls and Procedures**

##### **Internal Control Over Financial Reporting**

###### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2018 pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under 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, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2018.

###### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting during the six months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

For a list of our current legal proceedings, see Note 17—Commitments and Contingencies.

### Item 1A. Risk Factors

*You should carefully consider the following risk factors, together with all of the other information included in this report, including the section of this report captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes. If any of the following risks occurred, they could materially adversely affect our business, financial condition or operating results. This report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report.*

#### Risk Related to Our Business

***We need to enter into substantial additional financing arrangements to facilitate new customers’ access to our solar energy systems and provide working capital, and if financing is not available to us on acceptable terms when needed, our ability to continue to grow our business would be materially adversely impacted.***

Our future success depends on our ability to raise capital from third-party investors and commercial sources, such as banks and other lenders, on competitive terms to help finance the deployment of our solar energy systems. We seek to minimize our cost of capital in order to maintain the price competitiveness of the electricity produced by, the lease payments for and the cost of our solar energy systems. We rely on investment funds in order to provide solar energy systems with little to no upfront costs to our customers under our PPAs and Solar Leases. We also rely on access to capital, including through indebtedness in the form of debt facilities and asset-backed securities, to cover the costs of our solar energy systems that are sold outright until the systems are paid for by our customers, whether by cash or through third-party financing arrangements. Certain of our financing arrangements are with fund investors who require particular tax and other benefits. The availability of this tax-advantaged financing depends upon many factors, including:

- our ability to compete with other renewable energy companies for the limited number of potential investment 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 certain incentives or decreases in the associated benefits.

Moreover, potential investors seeking such tax-advantaged financing must remain satisfied that the structures we offer qualify for the tax benefits associated with solar energy systems available to these investors, which depends both on the investors’ assessment of tax law and the absence of any unfavorable interpretations of that law. Changes in existing law and interpretations by the Internal Revenue Service, or IRS, and the courts could reduce the willingness of fund investors to invest in funds associated with these solar energy system investments, or cause these investors to require a larger allocation of customer payments. We are not certain that this type of financing will continue to be available to us. If we are unable to establish new financing when needed, or upon desirable terms, to enable our customers’ access to our solar energy systems, we may be unable to finance installation of our customers’ systems, our cost of capital could increase or our liquidity could be constrained, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects. As of July 31, 2018, we had raised 24 investment funds to which investors such as banks and other large financial investors have committed to invest approximately \$1.7 billion. The undrawn committed capital for these funds as of July 31, 2018 is approximately \$125.2 million, which we estimate will fund approximately 78 megawatts of future deployments.

The contract terms in certain of our investment fund documents impose conditions on our ability to draw on financing commitments from the fund investors, including if an event occurs that could reasonably be expected to have a material adverse effect on the fund or on us. The terms and conditions of our investment funds can vary and may require us to alter our products, services or product mix. If we do not satisfy such conditions due to events related to our business or a specific investment fund or developments in our industry or otherwise, and as a result we are unable to draw on existing commitments, our inability to draw on such commitments could have a material adverse effect on our business, liquidity, financial condition and prospects. In addition to our inability to draw on the investors' commitments, we have in the past incurred and may in the future incur financial penalties for non-performance, including delays in the installation process and interconnection to the power grid of solar energy systems and other factors. Based on the terms of the investment fund agreements, we will either reimburse a portion of the fund investor's capital or pay the fund investor a non-performance fee.

To meet the capital needs of our growing business, we will need to obtain additional financing from new investors and financial institutions and investors and financial institutions who are current investors or with whom we currently have financing arrangements. If any of the investors or financial institutions that currently provide financing decide not to invest in us in the future due to general market conditions, concerns about our business or prospects or any other reason, or decide to invest at levels that are inadequate to support our anticipated needs or materially change the terms under which they are willing to provide future financing, we will need to identify new investors and financial institutions to provide financing and negotiate new financing terms. In addition, our ability to obtain additional financing through the asset-backed securities market or other secured debt markets is subject to our having sufficient assets eligible for securitization as well as our ability to obtain appropriate credit ratings. If we are unable to raise additional capital in a timely manner, our ability to meet our capital needs and fund future growth may be limited.

In the past, we have sometimes been unable to timely establish investment funds in accordance with our plans, due in part to the relatively limited number of investors attracted to such types of funds, competition for such capital and the complexity associated with negotiating the agreements with respect to such funds. Delays in raising financing could cause us to delay expanding in existing markets or entering into new markets and hiring additional personnel. Any future delays in capital raising could similarly cause us to delay deployment of a substantial number of solar energy systems for which we have signed PPAs or Solar Leases with customers. Our future ability to obtain additional financing depends on banks' and other financing sources' continued confidence in our business model and the renewable energy industry as a whole. It could also be impacted by the liquidity needs of such financing sources themselves. We face intense competition from a variety of other companies, technologies and financing structures for such limited investment capital. 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 to us on terms that are less favorable than those received by our competitors. For example, if we experience higher customer default rates than we currently experience in our existing investment funds, it could be more difficult or costly to attract future financing. In our experience, there are a relatively small number of investors that generate sufficient profits and possess the requisite financial sophistication to benefit from and have significant demand for the tax benefits that our investment funds provide. Historically, in the distributed solar energy industry, investors have typically been large financial institutions and a few large, profitable corporations. Our ability to raise investment funds is limited by the relatively small number of such investors. Any inability to secure financing could lead us to cancel planned installations, impair our ability to accept new customers or increase our borrowing costs, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects.

***A material reduction in the retail price of traditional utility-generated electricity or electricity from other sources or other reduction in the cost of such electricity would harm our business, financial condition, results of operations and prospects.***

We believe that many of our customers decide to buy solar energy because they want to pay less for their energy costs. However, distributed residential solar energy has yet to achieve broad market adoption for a number of reasons including state regulatory hurdles, utility imposed interconnection issues for distributed electricity generation systems and unfavorable economics from the customer perspective.

The customer's decision to choose solar energy may also be affected by the cost of other renewable energy sources. Decreases in the retail prices of electricity from the traditional utilities or from other renewable energy sources would harm our ability to offer competitive pricing and could harm our business. The cost of electricity from traditional utilities could decrease as a result of:

- construction of new power generation plants, including plants utilizing natural gas, nuclear, coal, renewable energy or other generation technologies;
- the construction of additional electric transmission and distribution lines;
- relief of transmission constraints that enable local centers to generate energy less expensively;
- reductions in the price of natural gas or other fuel sources;
- utility rate adjustment and customer class cost reallocation;

- energy conservation technologies and public initiatives to reduce electricity consumption;
- widespread deployment of existing or development of new or lower-cost energy storage technologies that have the ability to reduce a customer's average cost of electricity by shifting load to off-peak times;
- changes in regulations by federal or state regulatory bodies that lower the cost of generating and transmitting electricity or otherwise reduce regulatory compliance costs for traditional utilities, or otherwise disadvantage residential solar energy providers relative to traditional utilities; and
- development of new energy generation technologies that provide less expensive energy.

A reduction in utility electricity costs would make PPAs or Solar Leases less economically attractive to customers on a monthly basis and would increase the time to break even for our System Sales customers. If the cost of energy available from traditional utilities were to decrease due to any of these reasons, or other reasons, we would be at a competitive disadvantage, we may be unable to attract new customers and our growth would be limited. In addition, from time to time we have increased our pricing in certain markets, which may negatively impact our competitiveness.

***Electric utility industry policies and regulations may present technical, regulatory and economic barriers to the purchase and use of solar energy systems that may significantly reduce demand for electricity from our solar energy systems.***

Federal, state and local government regulations and policies concerning the electric utility industry, utility rate structures, interconnection procedures, and internal policies of electric utilities, heavily influence the market for electricity generation products and services. These regulations and policies often relate to electricity pricing and the interconnection of distributed electricity generation systems to the power grid. Policies and regulations that promote renewable energy and customer-sited energy generation have been challenged by traditional utilities and questioned by those in government and others arguing for less governmental spending and involvement in the energy market. In addition, it is unclear what, if any, actions the current presidential administration in the United States, the U.S. Department of Energy, and the Federal Energy Regulatory Commission may take regarding existing regulations and policies that affect the cost competitiveness of nuclear, coal and gas electric generation, and fossil fuel mining and exploration. Changes in such policies and regulations could increase the cost or decrease the benefits of solar energy systems, or reduce costs and other limitations on competing forms of generation, and adversely affect the attractiveness of our products and our results of operations, cost of capital and growth prospects.

In the United States, governments and the state public service commissions that determine utility rates continually modify these regulations and policies. These regulations and policies could result in a significant reduction in the potential demand for electricity from our solar energy systems and could deter customers from entering into contracts with us. In addition, in certain of our regions, electricity generated by solar energy systems competes most effectively with the most expensive retail rates for electricity from the power grid, rather than the less expensive average price of electricity. Modifications to the utilities' peak hour pricing policies or rate design, such as movement to a flat rate, would make our current products less competitive with the price of electricity from the power grid. Other regulatory revisions that could impact the competitiveness of our product include moving from a retail rate to a time-of-use compensation mechanism, imposition of fixed demand or grid-service charges, or limitations on whether third-party owned systems are eligible for such programs. It is possible that changes such as these could have the effect of lowering the incentive for residential customers of investor-owned utilities to reduce their purchases of electricity from their utility by supplying more of their own electricity from solar, and thereby reducing demand for our product. A shift in the timing of peak rates for utility-generated electricity to a time of day when solar energy generation is less efficient or nonexistent could make our solar energy system offerings less competitive and reduce demand for our offerings. In addition, since we are required to obtain interconnection permission for each solar energy system from the local utility, changes in a local utility's regulations, policies or interconnection processes have in the past delayed and in the future could delay or prevent the completion of our solar energy systems. This in turn has delayed and in the future could delay or prevent us from generating revenues from such solar energy systems or cause us to redeploy solar energy systems, adversely impacting our results of operations.

In addition, any changes to government or internal utility regulations and policies that favor electric utilities or alternative forms of energy over residential rooftop solar energy could reduce our competitiveness and cause a significant reduction in demand for our offerings or increase our costs or the prices we charge our customers. Certain jurisdictions have proposed allowing traditional utilities to assess various fees on customers purchasing energy from solar energy systems or have imposed or proposed new charges or rate structures that would disproportionately impact solar energy system customers who utilize net metering, either of which would increase the cost of energy to those customers and could reduce demand for our solar energy systems. For example, in California, investor owned utilities are allowed to impose a minimum \$10 fixed charge on the monthly bill for residential customers that elect net metering and also impose new fees for interconnection and other non-bypassable charges. Such non-bypassable charges are being authorized by other public utilities commissions outside of California. Additionally, certain utilities in Arizona have approved increased rates and charges for net metering customers, and others have proposed doing away with the state's renewable electricity standard carve-outs for distributed generation. These policy changes may negatively impact our customers and affect demand for our solar energy systems, and similar changes to net metering policies may occur in other states. It is also possible that these or other changes could be imposed on our current customers, as well as future customers. Due to the current and expected continued concentration of our solar energy systems in California, any such changes in this market would be particularly harmful to our reputation, customer relations, business, results of operations and future growth in these areas. We may be similarly adversely affected if our business becomes concentrated in other jurisdictions.

Finally, public service commissions may impose requirements on our business associated with our interactions with potential customers. In October 2017, the Public Service Commission of the State of New York entered an order requiring changes to certain of our business practices. Other public service commissions could follow New York's lead and impose requirements associated with consumer protection that could affect how we do business and acquire customers.

***Our business currently depends on the availability of rebates, tax credits and other financial incentives. The expiration, elimination or reduction of these rebates, credits or incentives or our ability to monetize them could adversely impact our business.***

Federal, state and local government and regulatory bodies provide for tariff structures and incentives to various parties including owners, end users, distributors, system integrators and manufacturers of solar energy systems to promote solar energy in various forms, including rebates, tax credits and other financial incentives such as system performance payments, renewable energy credits associated with renewable energy generation, exclusion of solar energy systems from property tax assessments and net metering. We rely on these governmental and regulatory programs to finance solar energy system installations, which enables us to lower the price we charge customers for energy from, and to lease or purchase, our solar energy systems, helping to achieve customer acceptance of solar energy with those customers as an alternative to utility-provided power. However, these programs may expire on a particular date, end when the allocated funding or capacity allocations are exhausted or be reduced or terminated. These reductions or terminations often occur without warning. In addition, the financial value of certain incentives decreases over time. For example, the value of SRECs in a market tends to decrease over time as the supply of SREC-producing solar energy systems installed in that market increases. If we overestimate the future value of these incentives, it could adversely impact our financial results.

Substantially all of our solar energy systems installed to date have been eligible for ITCs as well as accelerated depreciation benefits. We have relied on, and will continue to rely on, financing structures that monetize a substantial portion of those benefits and provide financing for our solar energy systems. The federal government currently offers a 30% ITC under Section 48(a) of the Internal Revenue Code for the installation of certain solar power facilities; the 30% rate continues until December 31, 2019. By statute, the ITC is scheduled to decrease to 26% of the fair market value of a solar energy system for 2020, 22% for 2021 and 10% on January 1, 2022, and the amounts that fund investors are willing to invest could decrease or we may be required to provide a larger allocation of customer payments to the fund investors as a result of this scheduled decrease. To the extent we have a reduced ability to raise investment funds as a result of this reduction or an inability to continue to monetize such benefits in our financing arrangements, the rate of growth of installations of our residential solar energy systems and our ability to maintain such systems could be negatively impacted. In addition, future changes in existing law and interpretations by the IRS and the courts with respect to certain matters, including but not limited to, treatment of the ITC and our financing arrangements, the taxation of business entities and the deductibility of interest expense could affect the amount that fund investors are willing to invest, which could reduce our access to capital. The ITC has been a significant driver of the financing supporting the adoption of residential solar energy systems in the United States and its scheduled reduction beginning in 2020, unless modified by an intervening change in law, will significantly impact the attractiveness of solar energy to these investors and could potentially harm our business.

In addition, the Tax Cuts and Jobs Act, or TCJA, which was enacted in December 2017, contains several provisions that may significantly impact the attractiveness of tax benefits to our fund investors. The TCJA reduces the highest marginal corporate tax rate from 35% to 21%, which causes accelerated depreciation to have less value to investors and results in investors having less appetite for ITCs. In addition, the TCJA imposes a new “base erosion and anti-abuse tax”, or BEAT. The BEAT is a minimum tax applied to certain large taxpayers who make deductible payments that erode their U.S. tax base above a minimum threshold. If an investor is subject to BEAT, ITCs may be used to partially, but not fully offset the BEAT, resulting in a decrease of the value of the ITCs. Thus, investors will likely discount their investments to reflect the lower corporate tax rate as well as the BEAT and may be less likely to invest in solar overall, which could potentially harm our business.

Applicable authorities may adjust or decrease incentives from time to time or include provisions for minimum domestic content requirements or other requirements to qualify for these incentives. An inability to finance solar energy systems through tax-advantaged structures, to realize or monetize depreciation benefits, to monetize or otherwise receive the benefit of rebates, tax credits, SRECs or other financial incentives, or to otherwise structure investment funds in ways that are both attractive to investors and allow us to provide desirable pricing to customers could adversely impact our results of operations and ability to compete in our industry by increasing our cost of capital, causing us to increase the prices of our energy and solar energy systems and reducing the size of our addressable market. In addition, this would adversely impact our ability to attract investment partners and to form new investment funds and our ability to offer attractive financing to prospective customers.

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

Our business benefits significantly from favorable net metering policies in states in which we operate. Net metering allows a homeowner to pay his or her local electric utility only for his or her power usage net of production from the solar energy system, transforming the conventional relationship between customers and traditional utilities. Homeowners receive credit for the energy that the solar installation generates in excess of that needed by the home to offset energy usage at times when the solar installation is not generating energy. In states that provide for net metering, the customer typically pays for the net energy used or receives a credit against future bills at the retail rate if more energy is produced by the solar installation than consumed. In some states and utility territories, customers are also reimbursed by the electric utility for net excess generation on a periodic basis.

In recent years, net metering programs have been subject to regulatory scrutiny and legislative proposals in some states, such as Arizona, California, Hawaii, Nevada, New Hampshire, New York, Texas and Utah. Utilities are proposing new and varied revisions to their net metering programs, with such proposals decided by the state public utilities commissions. These revisions include capping the numbers of customers that can elect net metering within a utility service territory, imposing new fixed charges for grid service or interconnection, and reducing the retail rate value of the net metered generation. In California, for example, customers within the service territory of San Diego Gas and Electric, Pacific Gas and Electric Company, and Southern California Edison Company, must take service on a new net metering successor tariff. For this new tariff, the California Public Utilities Commission largely uses the current net metering form with full retail compensation for exports, but allows the utilities to impose reasonable interconnection fees and some additional charges on customers, and will require such customers to take service on time-of-use rates. There are no caps under the new NEM successor tariff. Further, municipal utilities are generally not subject to the same state laws and public commission oversight as compared to investor owned utilities and may make drastic and abrupt changes. As we continue to expand into areas with municipal utilities, we may be subject to greater risk of regulatory uncertainty.

If and when net metering caps in certain jurisdictions are reached while they are still in effect, the value of the credit that customers receive for net metering is significantly reduced, utility rate structures are altered, or fees are imposed on net metering customers, future customers may be unable to recognize the same level of cost savings associated with net metering that current customers enjoy. The absence of favorable net metering policies or of net metering entirely, or the imposition of new charges that only or disproportionately impact customers that use net metering would significantly limit customer demand for our solar energy systems and the electricity they generate, could negatively affect existing customers and lead to missed payments or defaults, and could adversely impact our business, results of operations and future growth.

***Our business has benefited from the declining cost of solar panels, and our financial results may be harmed if the cost of solar panels increases in the future .***

During previous years, the declining cost of solar panels and the raw materials necessary to manufacture them has been a key driver in the price we charge for electricity and customer adoption of solar energy. Despite recent increases in solar panel prices due to the tariffs imposed in February 2018, industry experts indicate that solar panel and raw material prices are generally expected to decline from current levels. However, it is possible they will not decline at the same rate as they have over the past several years or that they may increase. In addition, while the solar panel market has recently seen an increase in supply, growth in the solar industry and the resulting increase in demand for solar panels and the raw materials necessary to manufacture them may put upward pressure on prices. These resulting prices could slow our growth and cause our financial results to suffer. In addition, in the past we have purchased a substantial majority of the solar panels used in our solar energy systems from manufacturers headquartered in China; however, most of the manufacturing now takes place in other Asian countries, such as Malaysia and Vietnam. Changes in governmental support or regulation in China or the other countries where these products are manufactured could affect our ability to purchase them on competitive terms, and access to specialized technologies could be restricted.

In addition, the U.S. government could impose additional tariffs on solar cells manufactured outside the United States or implement additional restraints on trade. These combined tariffs make such solar cells less competitively priced in the United States, and the Chinese and Taiwanese manufacturers may choose to limit the amount of solar equipment they sell into the United States. If we are required to pay higher prices, accept less favorable terms or purchase solar panels or other system components from alternative, higher-priced sources, our financial results will be adversely affected. The U.S. government may also take broader actions to protect U.S. based manufacturers against imports of solar cells manufactured outside the United States, such as in Southeast Asia, Japan, Germany and South Korea.

On January 22, 2018, the President of the United States announced the imposition of safeguard measures for a period of four years that include (1) a 30% tariff on imports of solar cells not partially or fully assembled into other products and (2) a 30% tariff on imported solar panels. These tariffs are additive to the anti-dumping and countervailing duties imposed in 2014 and 2015. The tariff on imported solar panels will decline 5% each year in the second, third and fourth years. The safeguard measures went into effect on February 7, 2018 and apply to imports from all foreign countries, including Mexico and Canada, except certain developing countries that are members of the World Trade Organization.

The safeguard measures and other potential tariffs could increase our costs of solar panels and other system components and could have a significant impact on our system costs, business and prospects. If we are required to pay higher prices, accept less favorable terms or purchase solar panels or other system components from alternative, higher-priced sources, or if supply is otherwise constrained, our costs would increase significantly, and it may be less economical for us to serve certain markets, which would adversely affect our operating results and growth prospects.

***Lack of success in System Sales could negatively impact our operating results and cash flows.***

In late 2015, we began offering to customers in select markets the option to purchase solar energy systems as System Sales. We historically offered our solar energy systems through PPAs or Solar Leases. System Sales allow us to expand our product offerings and to enter into additional markets, such as those that prohibit third-party ownership of distributed solar energy systems or that lack a favorable net metering policy. System Sales represented approximately 15% of total megawatts installed in the six months ended June 30, 2018. Industry analysts have indicated that the number of customer-owned solar energy systems has increased significantly relative to third-party ownership in certain markets and that solar energy system sales are expected to account for a larger percentage of total residential solar installations in the future. Continued increases in the variety and availability of third-party loan financing products to consumers and outright solar energy system purchases could further facilitate this growth. If customer preferences or the residential solar energy market continue to shift toward solar energy system sales, and we are not successful in our efforts, we may lose market share, which could have an adverse effect on our business, operating results and growth prospects. To the extent we are unsuccessful in our efforts to sell solar energy systems, or to work with third parties to finance those systems for our customers, our operating cash flows would be negatively affected, and our business and growth prospects would be adversely affected.

***Technical and regulatory limitations may significantly reduce our ability to sell electricity from our solar energy systems and retain employees in certain markets.***

Technical and regulatory limits may curb our growth in certain key markets, which may also reduce our ability to retain employees in those markets. For example, the Federal Energy Regulatory Commission, in promulgating the first form small generator interconnection procedures, recommended limiting customer-sited intermittent generation resources, such as our solar energy systems, to a certain percentage of peak load on a given electrical feeder circuit. Similar limits have been adopted by many states as a de facto standard and could constrain our ability to market to customers in certain geographic areas where the concentration of solar installations exceeds this limit. Furthermore, in certain areas, we benefit from policies that allow for expedited or simplified procedures related to connecting solar energy systems to the power grid. If such procedures are changed or cease to be available, our ability to sell the electricity generated by solar energy systems we install may be adversely impacted. As adoption of solar distributed generation rises along with the commercial operation of utility scale solar generation in key markets such as California, the amount of solar energy being fed into the power grid will surpass the amount planned for relative to the amount of aggregate demand. Some traditional utilities claim that in less than five years, solar generation resources may reach a level capable of producing an over-generation situation, which may require some solar generation resources to be curtailed to maintain operation of the power grid. While the prospect of such curtailment is somewhat speculative, particularly in the residential sector, the adverse effects of such curtailment without compensation could adversely impact our business, results of operations and future growth.

***We have incurred operating losses before income taxes and may be unable to achieve or sustain profitability in the future.***

We have incurred operating losses before income taxes since our inception. We incurred losses before income taxes of \$66.1 million and \$77.9 million for the six months ended June 30, 2018 and 2017. In 2017, we recorded a large one-time non-cash tax benefit related to the implementation of the TCJA, which was enacted on December 22, 2017. The impact of the TCJA may vary due to, among other things, changes in interpretations and assumptions we have made, legislative action or other guidance to address questions that arise because of the TCJA, and any changes in accounting standards for income taxes or related interpretations in response to the TCJA. We expect to continue to incur losses before income taxes from operations as we finance our operations, expand our installation, engineering, administrative, sales and marketing staffs, and implement internal systems and infrastructure to support financing the installation of new solar energy systems. Our ability to achieve profitability depends on a number of factors, including:

- growing our customer base;
- finding investors willing to invest in our investment funds;
- maintaining and further lowering our cost of capital;
- reducing the time between system installation and interconnection to the power grid, which allows us to begin generating revenue;
- reducing the cost of components for our solar energy systems;
- maximizing the benefits of rebates, tax credits, SRECs and other available incentives; and
- reducing our operating costs by optimizing our sales, 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.

***The majority of our business is conducted using one channel, direct-selling.***

Historically, our primary sales channel has been a direct sales model. We also sell to customers through our inside sales team but continue to find greatest success using our direct sales channel. In addition, we have entered into sales dealer agreements with Vivint and others. We may sell through additional distribution channels in the future. We compete against companies with experience selling solar energy systems to customers through a number of distribution channels, including homebuilders, home improvement stores, large construction, electrical and roofing companies, the internet and other third parties and companies that access customers through relationships with third parties in addition to other direct-selling companies. Our less diversified distribution channels may place us at a disadvantage with consumers who prefer to purchase products through these other distribution channels. If customers demonstrate a preference for other distribution channels, we may need to reduce our direct-selling efforts. We are also vulnerable to changes in laws related to direct sales and marketing that could impose additional limitations on unsolicited residential sales calls and may impose additional restrictions such as adjustments to our marketing materials and direct-selling processes, and new training for personnel. If additional laws affecting direct sales and marketing are passed in the markets in which we operate, it would take time to train our sales force to comply with such laws, and we may be exposed to fines or other penalties for violations of such laws. If we fail to compete effectively through our direct-selling efforts or are not successful in developing other sales channels, our financial condition, results of operations and growth prospects could be adversely affected.

***We are highly dependent on our ability to attract, train and retain an effective sales force.***

The success of our direct-selling channel efforts depends upon the recruitment, retention and motivation of a large number of sales personnel to compensate for a high turnover rate among sales personnel, which is a common characteristic of a direct-selling business. In order to grow our business, we need to recruit, train and retain sales personnel on a continuing basis. Sales personnel are attracted to direct-selling by competitive earnings opportunities, and direct-sellers typically compete for sales personnel by providing a more competitive earnings opportunity than that offered by the competition. We believe competitors devote substantial effort to determining the effectiveness of such incentives so that they can invest in incentives that are the most cost effective or produce the best return on investment. We have historically compensated our sales personnel on a commission basis, based on the size of the solar energy systems they sell and recently have begun compensating based on system size, contract rate and the expected number of hours the rooftop will be exposed to full sunlight. Some sales personnel may prefer a compensation structure that also includes a salary and equity incentive component. There is significant competition for sales talent in our industry, and from time to time we may need to adjust our compensation model to include such components. These adjustments have caused our customer acquisition costs to increase and could otherwise adversely impact our operating results and financial performance.

In addition to our sales compensation model, our ability to recruit, train and retain effective sales personnel could be harmed by additional factors, including:

- any adverse publicity regarding us, our solar energy systems, our distribution channel or our industry;
- lack of interest in, or the technical failure of, our solar energy systems;
- lack of a compelling product or income opportunity that generates interest for potential new sales personnel, or perception that other product or income opportunities are more attractive;
- any negative public perception of our sales personnel and direct-selling businesses in general;
- any regulatory actions or charges against us or others in our industry;
- general economic and business conditions; and
- potential saturation or maturity levels in a given market which could negatively impact our ability to attract and retain sales personnel in such market.

We are subject to significant competition for the recruitment of sales personnel from other direct-selling companies and from other companies that sell solar energy systems in particular. Regional and district managers of our sales personnel are instrumental in recruiting, retaining and motivating our sales personnel. When managers have elected to leave us and join other companies, the sales personnel they supervise have often left with them. We may experience increased attrition in our sales personnel in the future, which may impact our results of operations and growth. The impact of such attrition could be particularly acute in those jurisdictions, such as California, where contractual non-competition agreements for service providers are not enforceable or are subject to significant limitations.

It is therefore continually necessary to innovate and enhance our direct-selling and service model as well as to recruit and retain new sales personnel. If we are unable to do so, our business could be adversely affected.

***We are not currently regulated as an electric utility under applicable law in the jurisdictions in which we operate (other than New York), but we may be subject to regulation as an electric utility in the future.***

Except as described below with respect to New York, we are not regulated as a public utility in any of the markets in which we currently operate. As a result, we are not subject to the various federal, state and local standards, restrictions and regulatory requirements applicable to traditional utilities that operate transmission and distribution systems and that have an obligation to serve electric customers within a specified jurisdiction.

In October 2017, the Public Service Commission of the State of New York entered an order determining that residential rooftop solar energy providers are “electric corporations” (the term for electric utilities under New York state law) and requiring changes that will affect certain aspects of our business. The order, which is part of a broader proceeding before the Commission associated with regulating and overseeing distributed energy resource suppliers, is premised on the Commission’s determination that it has the jurisdiction to oversee our business, and businesses like ours, in the same way that it oversees public utilities. We have worked with the Solar Energy Industries Association, or SEIA, and others in the industry to petition the Commission for a rehearing on the order, specifically challenging its position that the statutes giving it the ability to regulate utilities also give it jurisdiction over us. Though New York’s Public Service Commission is, to our knowledge, the first state public commission to take the position that residential rooftop solar energy providers are subject to the same regulatory oversight as electric utilities, we understand from SEIA that other public service commissions are following what is happening in New York and may take similar action depending on the outcome. If we were subject to the jurisdiction of public service commissions in the same or a similar way as public utilities, those commissions could take action that could materially affect our business operations.

In May 2018, the Florida Public Service Commission issued a declaratory statement explaining that an on-site solar lease offered by Sunrun Inc. to its customers does not subject either Sunrun Inc. or its lessee to regulation as a public utility. Due to the Florida Public Service Commission’s rules regarding declaratory statements, the finding on Sunrun Inc.’s offering was only binding on the facts presented in Sunrun Inc.’s petition. We filed a petition before the Florida Service Commission on May 23, 2018 requesting a similar declaration regarding our solar leases due to the substantially comparable nature of our leases as offering the use of our solar energy systems based on fixed payments rather than electric production. We are awaiting the Florida Public Service Commission’s decision which is tentatively scheduled to be issued at the end of August 2018. If the Florida Public Service Commission were to not grant our petition for a declaratory statement, such event could materially affect our ability to offer solar leases in the state of Florida and compete against our competitors in a growing new market.

Any additional federal, state, or local regulations that cause us to be treated as an electric utility, or to otherwise be subject to a similar regulatory regime of commission-approved operating tariffs, rate limitations, and related mandatory provisions, could place significant restrictions on our ability to operate our business and execute our business plan by prohibiting, restricting or otherwise regulating our sale of electricity. If we were subject to the same state or federal regulatory authorities as electric utilities in the United States or if new regulatory bodies were established to oversee our business in the United States, then our operating costs would materially increase.

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

Retail sales of electricity by non-utilities such as us face regulatory hurdles in some states and jurisdictions, including states and jurisdictions that we intend to enter, where the laws and regulatory policies have not historically embraced competition to the service provided by the incumbent, vertically integrated electric utility. Some of the principal challenges pertain to whether non-customer owned systems qualify for the same levels of rebates or other non-tax incentives available for customer-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. Furthermore, in some states and utility territories third parties are limited in the way that they may deliver solar to their customers. In jurisdictions such as Arizona, Florida, South Carolina, Utah and Los Angeles, California, laws have been interpreted to either prohibit the sale of electricity pursuant to our standard PPA or regulate entities making such sales, and in some cases, such laws have led residential solar energy system providers to use leases in lieu of PPAs. In other states, neither leases nor PPAs are permissible or commercially feasible. Changes in law and reductions in, eliminations of or additional application requirements for, these benefits could reduce demand for our systems, adversely impact our access to capital and could cause us to increase the price we charge our customers for energy.

***If the IRS or the U.S. Treasury Department makes a determination that the fair market value of our solar energy systems is materially lower than what we have reported in our fund tax returns, we may have to pay significant amounts to our investment funds, our fund investors and/or the U.S. government. Such determinations could have a material adverse effect on our business, financial condition and prospects.***

We report in our fund tax returns that we and our fund investors claim the ITC based on the fair market value of our solar energy systems. Scrutiny by the IRS continues with respect to fair market value determinations industry-wide. The IRS is conducting an audit of one of our investment funds. We are not aware of any other audits or results of audits related to our appraisals or fair market value determinations of any of our investment funds. If as part of an examination the IRS were to review the fair market value that we used to establish our basis for claiming ITCs and determine that the ITCs previously claimed should be reduced, we would owe certain of our investment funds or our fund investors an amount equal to 30% of the investor’s share of the difference between the fair market value used to establish our basis for claiming ITCs and the adjusted fair market value determined by the IRS, plus any costs and expenses associated with a challenge to that fair market value, plus a gross up to pay for additional taxes. We could also be subject to tax liabilities, including interest and penalties, based on our share of claimed ITCs. To date, we have not been required to make such payments under any of our investment funds.

***Rising interest rates could adversely impact our business.***

Rising interest rates could have an adverse impact on our business by increasing our cost of capital. The majority of our cash flows to date have been from customer contracts that have been partially monetized under various investment fund structures. One of the components of this monetization is the present value of the payment streams from the customers who enter into these contracts. If the rate of return required by the fund investor rises as a result of a rise in interest rates, the present value of the customer payment stream and the total value that we are able to derive from monetizing the payment stream will each be reduced. Interest rates are at relatively low levels. It is likely that interest rates will continue to rise in the future, which would cause our costs of capital to increase.

***Our investment funds contain arrangements that provide for priority distributions to fund investors until they receive their targeted rates of return. In addition, under the terms of certain of our investment funds, we may be required to make payments to the fund investors if certain tax benefits that are allocated to such fund investors are not realized as expected. Our financial condition may be adversely impacted if a fund is required to make these priority distributions for a longer period than anticipated to achieve the fund investors' targeted rates of return or if we are required to make any tax-related payments.***

Our investment funds contain terms that contractually require the investment funds to make priority distributions to the fund investor, to the extent cash is available, until it achieves its targeted rate of return. The amounts of potential future distributions under these arrangements depends on the amounts and timing of receipt of cash flows into the investment fund, almost all of which is generated from customer payments related to solar energy systems that have been previously purchased (or leased, as applicable) by such fund. If such cash flows are lower than expected, the priority distributions to the investor may continue for longer than initially anticipated.

Additionally, certain of our investment funds require that, under certain circumstances, we forego distributions from the fund that we are otherwise contractually entitled to or make capital contributions to the fund that can be redirected to the fund investor such that it achieves the targeted return. These forgone distributions or capital contributions will generally occur if the fund investor has not achieved its targeted return prior to the target flip date of the investment fund. None of our investment funds have reached their target flip date at the current time and we anticipate that the first target flip date in which a fund investor is required to have achieved its targeted return is 2020.

Our fund investors also expect returns partially in the form of tax benefits and, to enable such returns, our investment funds contain terms that contractually require us to make payments to the funds that are then used to make payments to the fund investor in certain circumstances so that the fund investor receives value equivalent to the tax benefits it expected to receive when entering into the transaction. The amounts of potential tax payments under these arrangements depend on the tax benefits that accrue to such investors from the funds' activities and, in some cases, may be impacted by changes in tax law.

Due to uncertainties associated with estimating the timing and amounts of these cash distributions and allocations of tax benefits to such investors, we cannot determine the potential maximum future impact on our cash flows or payments that we could have to make under these arrangements. We may agree to similar terms in the future if market conditions require it. Any significant payments that we may be required to make or distributions to us that are reduced or diverted as a result of these arrangements could adversely affect our financial condition.

***We may incur substantially more debt or take other actions that could restrict our ability to pursue our business strategies.***

As of June 30, 2018, we and our subsidiaries had outstanding \$1.1 billion in principal amount of indebtedness, including through debt facilities and asset-backed securities issued by our subsidiaries. As of June 30, 2018, we had up to \$375.0 million of unused borrowing capacity remaining. These debt facilities restrict our ability to dispose of assets, incur indebtedness, incur liens, pay dividends or make other distributions to holders of our capital stock, repurchase our capital stock, make specified investments or engage in transactions with our affiliates. In addition, we do not have full access to the cash and cash equivalents held in our investments funds until distributed per the terms of the arrangements. We and our subsidiaries may incur substantial additional debt in the future, and any debt instrument we enter into in the future may contain similar, or more onerous, restrictions. These restrictions could inhibit our ability to pursue our business strategies. Additionally, our ability to make scheduled payments depends on our operating performance, which is subject to economic, financial, competitive and other factors that may be beyond our control. Furthermore, if we default on one of our debt instruments, and such event of default is not cured or waived, the lenders could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross acceleration under other debt instruments. Our assets and cash flow may not be sufficient to fully repay borrowings under all of our outstanding debt instruments if some or all of these instruments are accelerated upon a default.

Furthermore, there is no assurance that we will be able to raise additional capital through the asset-backed securities market or other secured or unsecured debt markets or enter into new debt instruments on acceptable terms. If we are unable to satisfy financial covenants and other terms under existing or new instruments or obtain waivers or forbearance from our lenders or if we are 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.

***Our business is concentrated in California, putting us at risk of region specific disruptions.***

As of June 30, 2018, approximately 33% of our cumulative megawatts installed were located in California. In addition, we expect future growth to occur in California, which could further concentrate our customer base and operational infrastructure. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in California and in other markets that may become similarly concentrated.

***Residential solar energy is an evolving market, which makes it difficult to evaluate our prospects.***

The residential solar energy industry is constantly evolving, which makes it difficult to evaluate our prospects. We cannot be certain if historical growth rates reflect future opportunities or whether growth anticipated by us or industry analysts will be realized. Any future growth of the residential solar energy market and the success of our solar energy systems depend on many factors beyond our control, including recognition and acceptance of the residential solar energy 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 energy systems cost-effectively. If the markets for residential solar energy do not develop at the rate we expect, our business may be adversely affected.

Additionally, there is limited empirical evidence regarding the effect solar energy systems have on the resale value of customers' houses. Due to the length of our customer contracts, the system deployed on a customer's roof may be outdated prior to the expiration of the term of the customer contract reducing the likelihood of renewal of our contracts at the end of the 20-year term, and possibly increasing the occurrence of defaults. This could have an adverse effect on our business, financial condition, results of operations and cash flow. As a result, we may be unable to accurately forecast our future performance and to invest accordingly.

***If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us.***

Section 404 of the Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls. Our failure to maintain the effectiveness of our internal controls in accordance with the requirements of the Sarbanes-Oxley Act could have a material adverse effect on our business. We could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price. In addition, if our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

***We face competition from traditional regulated electric utilities, from less-regulated third party energy service providers, other solar companies and from new renewable energy companies.***

The solar energy and renewable energy industries are both highly competitive and continually evolving as participants strive to distinguish themselves within their markets and compete with large traditional utilities. We believe that our primary competitors are the traditional utilities that supply electricity to our potential customers. Traditional utilities generally have substantially greater financial, technical, operational and other resources than we do. As a result, 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, including the ability to initiate proceedings before state public utility commissions to reduce the value of net metering. Traditional utilities could also offer other value-added products or services that could help them to compete with us even if the cost of electricity they offer is higher than ours. In addition, a majority of utilities' sources of electricity is non-solar, which may allow utilities to sell electricity more cheaply than 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. These energy service companies are able to offer customers electricity supply-only solutions that are competitive with our solar energy system options on both price and usage of renewable 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 new customers, particularly those who wish to avoid long-term contracts or have an aesthetic or other objection to putting solar panels on their roofs.

Additionally, we compete with solar companies with business models that are similar to ours. 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. In addition, our System Sales face increasing competition from other national and local solar energy companies who sell solar energy systems and may offer a broader suite of companion products. We believe the solar industry is becoming increasingly commoditized, and if we are unable to offer differentiated products, establish or maintain a consumer brand that resonates with homeowners or compete with the pricing offered by our competitors, our sales and market share position may be adversely affected.

In addition, we compete with solar companies in the downstream value chain of solar energy. For example, we 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 increasingly from sophisticated electrical and roofing companies. Some of these competitors specialize in the residential solar energy market, and some may provide energy at lower costs than we do. Additionally, some of our competitors may offer their products through sales channels that they have more fully developed, such as retail sales. Further, some of our competitors are integrating vertically in order to ensure supply and to control costs. Many of our competitors also have significant brand name recognition and have extensive knowledge of our target markets. For us to remain competitive, we must distinguish ourselves from our competitors by offering an integrated approach that successfully competes with each level of products and services offered by our competitors at various points in the value chain. If our competitors develop an integrated approach similar to ours including sales, financing, engineering, manufacturing, installation, maintenance and monitoring services, this will reduce our marketplace differentiation.

We also compete with solar companies that offer community solar products and utility companies that provide renewable power purchase programs. Some customers might choose to subscribe to a community solar project or renewable subscriber programs instead of installing a solar energy system on their home, which could affect our sales.

As the solar industry grows and evolves, we will also face new competitors who are not currently in the market. Our industry is characterized by low technological barriers to entry and well-capitalized companies could choose to enter the market and compete with us. Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors will limit our growth and will have a material adverse effect on our business and prospects.

***Developments in alternative technologies or improvements in distributed solar energy generation may materially adversely affect demand for our offerings.***

Significant developments in alternative technologies, such as advances in other forms of distributed solar power generation, storage solutions such as batteries, the widespread use or adoption of fuel cells for residential or commercial properties or improvements in other forms of centralized power production may materially and adversely affect our business and prospects in ways we do not currently anticipate. Any failure by us to adopt new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay deployment of our solar energy systems, which could result in product obsolescence, the loss of competitiveness of our systems, decreased revenue and a loss of market share to competitors.

***A failure to hire and retain a sufficient number of employees in key functions would constrain our ability to timely complete our customers' projects.***

To support our business, we need to hire, train, deploy, manage and retain a substantial number of skilled installers and electricians in the markets where there is heightened or increasing demand for solar energy products. Competition for qualified personnel in our industry has increased substantially, and we expect it to continue to do so, particularly for skilled electricians and other personnel involved in the installation of solar energy systems. We also compete with the homebuilding and construction industries for skilled labor. As these industries seek to hire additional workers, our cost of labor may increase. Companies with whom we compete to hire installers may offer compensation or incentive plans that certain installers may view as more favorable. We periodically assess the compensation plans and policies for our service providers, including our installers and electricians, and, if deemed necessary, may decide to revise those plans and policies. Our installers and electricians may not react well to any such revisions, which in turn could adversely affect retention, motivation and productivity. Additionally, we continually monitor our workforce requirements in the markets in which we operate. Any workforce reductions in markets where sales volume does not support the number of installation and other personnel could in turn adversely affect retention, motivation and productivity. We may also subcontract certain aspects of the installation process to independent contractors. Training these independent contractors and monitoring them for compliance with our policies may require significant management oversight and may present additional risks and challenges compared to those related to managing our employees.

Furthermore, trained installers are typically able to more efficiently install solar energy systems. Shortages of skilled labor could significantly delay installations or otherwise increase our costs. While we do not currently have any unionized employees, we have expanded, and may continue to expand, into areas such as the Northeast, where labor unions are more prevalent. The unionization of our labor force could also increase our labor costs. In addition, a significant portion of our business has been concentrated in states such as California, where market conditions are particularly favorable to distributed solar energy generation. We have experienced and may in the future experience greater than expected turnover in our installers in those jurisdictions which would adversely impact the geographic mix of new solar energy system installations.

Because we are a licensed electrical contractor in every jurisdiction in which we operate, we are required to employ licensed electricians. As we expand into new markets, we are required to hire and/or contract with seasoned licensed electricians in order for us to qualify for the requisite state and local licenses. Because of the high demand for these seasoned licensed electricians, these individuals currently or in the future may demand greater compensation. In addition, our inability to attract and retain these qualifying electricians may adversely impact our ability to continue operations in current markets or expand into new areas.

If we cannot meet our hiring, retention and efficiency goals, we may be unable to complete our customers' projects on time, 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.

***We act as the licensed general contractor for our customers and are subject to risks associated with construction, cost overruns, delays, 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 every market we service, and we are responsible for every customer installation. We are the general contractor, electrician, construction manager and installer for all our solar energy systems. We may be liable to customers for any damage we cause to their home, belongings or property during the installation of our systems, including any re-roofing services provided under our contracts. In addition, because the solar energy systems we deploy are high-voltage energy systems, we may incur liability for the failure to comply with electrical standards and manufacturer recommendations. Furthermore, prior to obtaining permission to operate our solar energy systems, the systems must pass various inspections. Any delay in passing, or inability to pass, such inspections, would adversely affect our results of operations. Because our profit on a particular installation is based in part on assumptions as to the cost of such project, damage for which we are liable, cost overruns, delays or other execution issues may cause us to not achieve our expected results or cover our costs for that project.

In addition, the installation of solar energy systems is 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 authority having jurisdiction over our operations and our solar energy systems. Any new government regulations or utility policies pertaining to our systems, or changes to existing government regulations or utility policies pertaining to our systems, may result in significant additional expenses to us and our customers and, as a result, could cause a significant reduction in demand for our systems.

***We depend on a limited number of suppliers of solar energy system components and technologies to adequately meet anticipated demand for our solar energy systems. Due to the limited number of suppliers in our industry, the acquisition of any of these suppliers by a competitor or any shortage, delay, price change, imposition of tariffs or duties or other limitation in our ability to obtain components or technologies we use could result in sales and installation delays, cancellations and loss of market share.***

We purchase solar panels, inverters and other system components from a limited number of suppliers, making us susceptible to quality issues, shortages and price changes. If we fail to develop, maintain and expand our relationships with our suppliers, our ability to adequately meet anticipated demand for our solar energy systems may be adversely affected, 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 rely upon to meet anticipated demand ceases or reduces production due to its financial condition, acquisition by a competitor or otherwise, is unable to increase production as industry demand increases or is otherwise unable to allocate sufficient production to us, it may be difficult to quickly identify alternative suppliers or to qualify alternative products on commercially reasonable terms, and our ability to satisfy this demand may be adversely affected. There are a limited number of suppliers of solar energy system components and technologies. While we believe there are other sources of supply for these products available, transitioning to a new supplier may result in additional costs and delays in acquiring our solar products and deploying our systems, and may require us to obtain the approval of our financing partners in order to utilize new products. These issues could harm our business or financial performance.

There have also been periods of industry-wide shortages of key components, including solar panels, in times of rapid industry growth. 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. The solar industry is growing and, as a result, shortages of key components, including solar panels, may be more likely to occur, which in turn may result in price increases for such components. Even if industry-wide shortages do not occur, suppliers may decide to allocate key components with high demand or insufficient production capacity to more profitable customers, customers with long-term supply agreements or customers other than us and our supply of such components may be reduced as a result.

We have entered into multi-year agreements with certain of our major suppliers. These agreements are denominated in U.S. dollars. Since our revenue is also generated in U.S. dollars, we are mostly insulated from currency fluctuations. However, since our suppliers often incur a significant amount of their costs by purchasing raw materials and generating operating expenses in foreign currencies, if the value of the U.S. dollar depreciates significantly or for a prolonged period of time against these other currencies, this may cause our suppliers to raise the prices they charge us, which could harm our financial results. As noted above, the U.S. government has imposed a 30% tariff (decreasing by 5% each year for four years) on imports of solar cells not partially or fully assembled into other products and a 30% tariff (decreasing by 5% each year for four years) on imported solar panels from most foreign countries. It is unclear what further actions the current U.S. presidential administration may take with respect to existing and proposed trade agreements, or restrictions on trade generally. The existing tariffs, and any new tariffs, duties or other trade measures, or shortages, delays, price changes or other limitation in our ability to obtain components or technologies we use could limit our growth, cause cancellations or adversely affect our profitability, and result in loss of market share and damage to our brand.

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

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal and quarterly fluctuations in the past. However, given that we are in a growing industry, the true extent of these fluctuations may have been masked by our historical growth rates and thus may not be readily apparent from our historical operating results and may be difficult to predict. For example, the amount of revenue we recognize in a given period from our customer contracts is dependent in part on the amount of energy generated by solar energy systems under such contracts. As a result, revenue derived from PPAs is impacted by seasonally shorter daylight hours in winter months. In addition, our ability to install solar energy systems is impacted by weather, such as during the winter months in the Northeastern United States. Such delays can impact the timing of when we can install and begin to generate revenue from solar energy systems. As such, our past quarterly operating results may not be good indicators of future performance.

In addition to the other risks described in this “Risk Factors” section, the following factors could cause our operating results to fluctuate:

- the expiration or initiation of any rebates or incentives;
- significant fluctuations in customer demand for our offerings;
- our ability to complete installations and interconnect to the power grid in a timely manner;
- the availability and costs of suitable financing;
- the amount and timing of sales of SRECs;
- our ability to continue to expand our operations, and the amount and timing of expenditures related to this expansion;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of 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 traditional utilities; and
- actual or anticipated developments in our competitors’ businesses or the competitive landscape.

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, key operating metrics and other operating results in future periods may fall short of the expectations of investors and financial analysts, which could have an adverse effect on the trading price of our common stock.

*The profitability and residual value of our solar energy systems during and at the end of the associated term of the PPA or Solar Lease may be lower than projected today and adversely affect our financial performance and valuation.*

We maintain ownership of the solar energy systems that we install under our PPAs or Solar Leases. We amortize the costs of our solar energy systems over a 30-year estimated useful life, which exceeds the period of the component warranties and the corresponding payment streams from our contracts with our customers. If we incur repair and maintenance costs on these systems after the warranties have expired, and if they then fail or malfunction, we will be liable for the expense of repairing these systems without a chance of recovery from our suppliers. We are also contractually obligated to remove, store and reinstall the solar energy systems, typically for a nominal fee, if customers need to replace or repair their roofs. However, customer fees may not cover our costs to remove, store and reinstall the solar energy systems. In addition, we typically bear the cost of removing the solar energy systems at the end of the term of the customer contract if the customer does not renew his or her contract or purchase the system. 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. We also face other factors that could increase the costs or diminish the production of a solar energy system, such as unanticipated damage or malfunctions, animal interference and weather-related matters. If the residual value of the systems is less than we expect at the end of the customer contract, after giving effect to any associated removal and redeployment costs, we may be required to accelerate all or some of the remaining unamortized costs. If the profitability or the residual value of the systems is lower than expected, this could materially impair our future operating results and estimated retained value.

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

The installation of solar energy systems requires our employees to work at heights with complicated and potentially dangerous electrical systems and at potentially high temperatures. The evaluation and modification of buildings as part of the installation process requires our employees to work in locations that may contain potentially dangerous levels of asbestos, lead, mold or other materials known or believed to be hazardous to human health. We also maintain a fleet of over 700 trucks and other vehicles to support our installers and operations. There is substantial risk of serious injury or death if proper safety procedures are not followed. Our operations are subject to regulation under OSHA, DOT, and equivalent state laws. Changes to OSHA, DOT or state 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. We could be exposed to increased liability in the future. In the past, we have had workplace accidents and received citations from OSHA regulators for alleged safety violations, resulting in fines. Any such 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 or financial performance.

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

We agree to maintain the solar energy systems installed on our customers' homes in connection with a PPA or Solar Lease during the length of the term of our customer contracts, which is typically 20 years. We are exposed to any liabilities arising from the systems' failure to operate properly and are generally under an obligation to ensure that each system remains in good condition during the term of the agreement. We also agree to provide a workmanship warranty and maintain the solar energy systems we sell to customers for a period of one to ten years. As part of our operations and maintenance work, we provide a pass-through of the inverter and panel manufacturers' warranty coverage to our System Sales customers, which generally range from ten to 20 years. We also take advantage of manufacturers' warranty coverage when maintaining solar energy systems installed under PPAs and Solar Leases. One or more of these third-party manufacturers could cease operations and no longer honor these warranties, leaving us to fulfill these potential obligations to our customers or to our fund investors without underlying warranty coverage. We, either ourselves or through our investment funds, bear the cost of such major equipment. Even if the investment fund bears the direct expense of such replacement equipment, we could suffer financial losses associated with a loss of production from the solar energy systems.

To be competitive in the market and to comply with the requirements of our jurisdictions, our Solar Leases contain a performance guarantee in favor of the lessee. Solar Leases with performance guarantees require us to refund money to the lessee if the solar energy system fails to generate a stated minimum amount of electricity in a 12-month period. We may also suffer financial losses associated with such refunds if significant performance guarantee payments are triggered.

Our failure to accurately predict future liabilities related to material quality or performance expenses could result in unexpected volatility in our financial condition. Because of the long estimated useful life of our solar energy systems, 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. We have made these assumptions based on the historic performance of similar systems or on accelerated life cycle testing. 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 customers for systems that do not meet their performance guarantees. Equipment defects, serial defects or operational deficiencies also would reduce our revenue from customer contracts because the customer payments under such agreements are dependent on system production or would require us to make refunds under performance guarantees. Any widespread product failures or operating deficiencies may damage our market reputation and adversely impact our financial results.

***We are responsible for providing maintenance, repair and billing on solar energy systems that are owned or leased by our investment funds on a fixed fee basis, and our financial performance could be adversely affected if our cost of providing such services is higher than we project.***

We typically provide a workmanship warranty for periods of five to 20 years to our investment funds for every system we sell to them. We are also generally contractually obligated to cover the cost of maintenance, repair and billing on any solar energy systems that we sell or lease to our investment funds. We are subject to a maintenance services agreement under which we are required to operate and maintain the system and perform customer billing services for a fixed fee that is calculated to cover our future expected maintenance and servicing costs of the solar energy systems in each investment fund over the term of the PPA or Solar Lease with the covered customers. If our solar energy systems require an above-average number 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 are damaged in the event of a natural disaster beyond our control, such as an earthquake, tornado, wildfire, tsunami or hurricane, losses could be outside the scope of insurance policies or exceed 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. When required to do so under the terms of a particular investment fund, we purchase property and business interruption insurance or other insurance policies with industry standard coverage and limits approved by the investor's third-party insurance advisors to hedge against risk, but such coverage may not cover our losses, and we have not acquired such coverage for all of our funds.

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

If our solar energy systems or other products were to injure someone, we could be exposed to product liability claims. In addition, it is possible that our products could cause property damage as a result of product malfunctions, defects, improper installation, fire or other causes. We rely on our general liability insurance to cover product liability claims. Any product liability claims 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, penalties or fines, increase our insurance rates, 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 new customers, thus affecting our growth and financial performance.

***Failure by our component suppliers to use ethical business practices and comply with applicable laws and regulations may adversely affect our business.***

We do not control our suppliers or their business practices. Accordingly, we cannot guarantee that they follow 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, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations. Violation of labor or other laws by our suppliers or the divergence of a supplier's 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.

***Damage to our brand and reputation, or change or loss of use of our brand, could harm our business and results of operations.***

We depend significantly on our reputation for high-quality products, best-in-class customer service and the brand name “Vivint Solar” to attract new customers and grow our business. If we fail to continue to deliver our solar energy systems within the planned timelines, if our offerings do not perform as anticipated or if we damage any of our customers’ properties or delay or cancel projects, our brand and reputation could be significantly impaired. Future technical improvements may allow us to offer lower prices or offer new technology to new customers; however, technical limitations in our current solar energy systems may prevent us from offering such lower prices or new technology to our existing customers. The inability of our current customers to benefit from technological improvements could cause our existing customers to lower the value they perceive our existing products offer and impair our brand and reputation.

We have focused particular attention on growing our direct sales force, leading us in some instances to take on candidates who we later determined did not meet our standards. In addition, given our direct sales business model and the sheer number of interactions our sales and other personnel have with customers and potential customers, it is inevitable that some customers’ and potential customers’ interactions with our company will be perceived as less than satisfactory. This has led to instances of customer complaints, some of which have affected our digital footprint on rating websites and social media platforms. If we cannot manage our hiring and training processes to avoid or minimize these issues to the extent possible, our reputation may be harmed and our ability to attract new customers would suffer.

Given our relationship with our sister company Vivint and the similarity in our names, customers may associate us with any problems experienced with Vivint, such as complaints with the Better Business Bureau. Because we have no control over Vivint, we cannot take remedial action to cure any issues Vivint has with its customers, and our brand and reputation may be harmed if we are mistaken for the same company.

In addition, if we were to no longer use, lose the right to continue to use, or if others use, the “Vivint Solar” brand, we could lose recognition in the marketplace among customers, suppliers and partners, which could affect our growth and financial performance, and would require financial and other investment, and management attention in new branding, which may not be as successful.

***Marketplace confidence in our liquidity and long-term business prospects is important for building and maintaining our business.***

Our financial condition, operating results and business prospects may suffer materially if we are unable to establish and maintain confidence about our liquidity and business prospects among consumers and within our industry. Our solar energy systems require ongoing maintenance and support. If we were to reduce operations now or in the future, existing buyers of our systems might have difficulty in having us repair or service our systems, which remain our responsibility under the terms of our customer contracts. As a result, consumers may be less likely to purchase our solar energy systems now if they are uncertain that our business will succeed or that our operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed. Accordingly, in order to build and maintain our business, we must maintain confidence among customers, suppliers and other parties in our liquidity and long-term business prospects. We may not succeed in our efforts to build this confidence.

***If we fail to manage our recent and future operations and 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 growth in recent periods with the cumulative capacity of our solar energy systems growing from 864.9 megawatts as of December 31, 2017 to 952.3 megawatts as of June 30, 2018, 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 strain on our management, operational and financial infrastructure. Our operations, growth and expansion require significant time and effort on the part of our management team as it is required to maintain and expand our relationships with customers, suppliers and other third parties and attract new customers, suppliers and financing, as well as manage multiple geographic locations.

In addition, our current and planned operations, personnel, information technology and other systems and procedures might be inadequate to support our future growth and may require us to make additional unanticipated investments in our infrastructure. 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 operations and growth, we may be unable to meet our or industry analysts’ expectations regarding growth, opportunity and financial targets, take advantage of market opportunities, execute our business strategies, meet our investment fund commitments or respond to competitive pressures. This could also result in declines in quality or customer satisfaction, increased costs, difficulties in introducing new offerings or other operational difficulties. Any failure to effectively manage our operations and growth could adversely impact our business and reputation.

***Expansion into new markets could be costly and time-consuming. Historically, we have only provided our offerings to residential customers, which could put us at a disadvantage relative to companies who also compete in other markets.***

We have historically only provided our offerings to residential customers. We compete with companies who sell solar energy systems in the commercial, industrial and government markets, in addition to the residential market. While we believe that in the future we could have opportunities to expand our operations into other markets, there are no assurances that our design and installation systems will work for non-residential customers or that we will be able to compete successfully with companies with historical presences in such markets or we may not realize the anticipated benefits of entering such markets, and entering new markets has numerous risks, including the following:

- incurring significant costs if we are required to adapt our current or develop new design and installation processes for use in non-residential applications;
- diversion of our management and employees from our core residential business;
- difficulty adapting our current or developing new marketing strategies and sales channels to non-residential customers;
- inability to obtain key customers, brand recognition and market share and compete successfully with companies with historical presences in such markets; and
- inability to achieve the financial and strategic goals for such market.

If we choose to pursue opportunities in additional markets, including batteries or electric vehicle charging stations, and are unable to successfully compete in such markets, our operating results and growth prospects could be materially adversely affected. Additionally, there is intense competition in the residential solar energy market in the markets in which we operate. As new entrants continue to enter into these markets, we may be unable to gain or maintain market share and we may be unable to compete with companies that earn revenue in both the residential market and non-residential markets.

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

In the future we may acquire companies, project pipelines, products or technologies or enter into joint ventures or other strategic initiatives. We may not realize the anticipated benefits of any future acquisition, and any acquisition has numerous risks. These risks include the following:

- difficulty in assimilating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies or products with our current 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 operating results;
- potential failure of the due diligence processes to identify significant issues with product quality, intellectual property infringement and other 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.

Mergers and acquisitions of companies are inherently risky, and if we do not complete the integration of acquired businesses successfully and in a timely manner, we may not realize the anticipated benefits of the acquisitions to the extent anticipated, which could adversely affect our business, financial condition or results of operations.

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

We are highly dependent on the efforts and abilities of the principal members of our senior management team, and the loss of one or more key executives could have a negative impact on our business.

We also depend on our ability to retain and motivate key employees and attract qualified new employees. None of our key executives are bound by employment agreements for any specific term, and we do not maintain key person life insurance policies on any of our executive officers. Our compensation structure, which includes salary, bonus, equity and benefits components, is important to our ability to attract, retain and motivate our employees. If we do not provide adequate compensation, or appropriately structure our equity grants, we may be unable to maintain our current workforce or attract new talent in the future, and we may be unable to replace key members of our management team and key employees if we lose their services. Integrating new employees into our 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, results of operations and prospects.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Third parties, including our competitors, may own patents or other intellectual property rights that cover aspects of our technology or business methods. Such parties may claim we have misappropriated, misused, violated or infringed third party intellectual property rights, and, if we gain greater recognition in the market, we face a higher risk of being the subject of claims that we have violated others' intellectual property rights. Any claim that we violate a third party's intellectual property rights, whether with or without merit, could be time-consuming, expensive to settle or litigate and could divert our management's attention and other resources. If we do not successfully settle or defend an intellectual property claim, we could be liable for significant monetary damages and could be prohibited from continuing to use certain technology, business methods, content or brands. To avoid a prohibition, we could seek a license from third parties, which could require us to pay significant royalties, increasing our operating expenses. If a license is not available at all or not available on reasonable terms, we may be required to develop or license a non-violating alternative, either of which could require significant effort and expense. If we cannot license or develop a non-violating alternative, we would be forced to limit or stop sales of our offerings and may be unable to effectively compete. Any of these results would adversely affect our business, results of operations, financial condition and cash flows. To deter other companies from making intellectual property claims against us or to gain leverage in settlement negotiations, we may be forced to significantly increase the size of our intellectual property portfolio through internal efforts and acquisitions from third parties, both of which could require significant expenditures. However, a robust intellectual property portfolio may provide little or no deterrence, particularly for patent holding companies or other patent owners that have no relevant product revenues.

***We use "open source" software in our solutions, which may restrict how we distribute our offerings, 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 currently use in our solutions, and expect to continue to use in the future, 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. We do not plan to integrate our proprietary software with open source software in ways that would require the release of the source code of our proprietary software to the public, however, our use and distribution 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 to the public or remove the source code of our proprietary software. 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 remove the software. 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 sale of our offerings if re-engineering could not 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 commercialize our offerings. We cannot guarantee that we have incorporated 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.

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

The energy produced and revenue and cash receipts generated by a solar energy system depend on suitable solar, atmospheric and weather conditions, all of which are beyond our control. Furthermore, components of our systems, such as panels and inverters, could be damaged by severe weather, such as hailstorms, lightning or wildfires. Although we maintain insurance to cover for many such casualty events, our investment funds would be obligated to bear the expense of repairing the damaged solar energy systems, sometimes subject to limitations based on our ability to successfully make warranty claims. Our economic model and projected returns on our systems require us to achieve certain production results from our systems and, in some cases, we guarantee these results for both our customers and our investors. If the systems underperform for any reason, our financial results could suffer.

Sustained unfavorable weather also could delay our installation of solar energy systems, leading to increased expenses and decreased revenue and cash receipts in the relevant periods. We have experienced seasonal fluctuations in our operations. The amount of revenue we recognize in a given period from PPAs is dependent in part on the amount of energy generated by solar energy systems under such contracts. As a result, operating leases and incentives revenue is impacted by seasonally shorter daylight hours in winter months. In addition, our ability to install solar energy systems is impacted by weather. We have limited ability to install solar energy systems during the winter months in the Northeastern United States. Such delays can impact the timing of when we can install and begin to generate revenue from solar energy systems. However, given that we are in a growing industry, the true extent of these fluctuations may have been masked by our historical growth rates and thus may not be readily apparent from our historical operating results and may be difficult to predict. As such, our historical operating results may not be indicative of future performance. Furthermore, weather patterns could change, making it harder to predict the average annual amount of sunlight striking each location where we install a solar energy system. This could make our solar energy systems less economical individually or in the aggregate. Any of these events or conditions could harm our business, financial condition, results of operations and prospects.

*Disruptions to our solar monitoring systems could negatively impact the operation of our business and our revenues and increase our expenses.*

Our ability to accurately charge our customers for the energy produced by our solar energy systems depends on our ability to monitor our customers' solar energy systems. Our customer agreements require our customers to maintain a broadband internet connection so that we may receive data regarding solar energy system production from their home networks. We could incur significant expenses or disruptions of our operations in connection with failures of our solar monitoring systems, including failures of our customers' home networks that would prevent us from accurately monitoring solar energy production. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of our systems. The costs to us to eliminate or alleviate viruses and bugs, or any problems associated with failures of our customers' home networks could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions. When a customer's solar monitoring system is not properly communicating with us, we estimate the production of their solar energy systems. Such estimates may prove inaccurate and could cause us to underestimate the power being generated by our solar energy systems and undercharge our customers, thereby harming our results of operations.

*We are exposed to the credit risk of our customers.*

Our solar energy customers most commonly purchase energy or lease solar energy systems from us pursuant to one of two types of long-term contracts: a PPA or a Solar Lease. The terms of PPAs and Solar Leases are typically for 20 years and require the customer to make monthly payments to us. Accordingly, we are subject to the credit risk of our customers. As of June 30, 2018, the average FICO score of our customers was approximately 760. However, as we grow our business, the risk of customer defaults could increase. Our reserve for this exposure is estimated to be \$4.1 million as of June 30, 2018, and our future exposure may exceed the amount of such reserves. While we do not currently extend credit to customers interested in System Sales, many of those customers are interested in financing the purchase of a solar energy system. While these customers may seek third-party financing through their own lender or a lender with whom we have a relationship, if they do not have sufficient credit to qualify for a loan, they may be unable to purchase a solar energy system. This could reduce our potential customer pool and limit our System Sales.

***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 focuses on contracts and transactions with residential customers. We must comply with numerous federal, state and local laws and regulations that govern matters relating to our interactions with consumers, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvement contracts, warranties, door-to-door solicitation as well as specific regulations pertaining to sales and installations of solar energy systems. These laws and regulations are dynamic and subject to potentially differing interpretations, and various federal, state and local legislative and regulatory bodies may initiate investigations, 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.

Several states in which we operate, including Arizona, California, Florida, Maryland, Nevada, New Mexico and Utah, have enacted new laws, and the Public Service Commission of New York has entered an order (as described above) that provides enhanced rights to customers solicited by way of direct sales, and requires increased disclosures and acknowledgements in any agreement governing the financing, sale or lease of distributed energy systems, such as our solar energy systems. Most of these new laws and regulations are specific to the solar industry and require changes to our contracts and processes. Some of the new laws have been enacted along with other changes to state law that further impact the residential solar industry. To the extent that other states enact further regulations applicable to our industry, we may be required to expend additional resources in order to modify our businesses practices to meet these regulatory requirements.

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. For example, in March 2018, the New Mexico Attorney General's office filed an action against us and certain of our officers alleging violation of state consumer protection statutes. While we believe our standard sales practices and policies comply with all applicable laws and regulations, if federal, state or other local regulators or agencies were to initiate an investigation against us or enact regulations relating to the marketing of our products to residential consumers, responding to such investigation or complying with such regulations could divert management's attention to our business, 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 or could reduce the number of our potential customers.

As another example, the Fannie Mae Selling Guide imposes certain requirements on the terms of solar PPAs and leases as a condition of eligibility of home mortgages for sale to or securitization by Fannie Mae. These requirements include responsibility for damage to the real property, insurance requirements, and lender rights in the event of foreclosure. Such requirements, and possible future conditions impacting the ability of our customers to sell or refinance their homes impact the terms of our business, the terms on which we are able to obtain financing and could have an adverse effect on our business, financial condition and results of operations. Also, beginning in 2018, the Federal Housing Administration stopped providing mortgage insurance to homes with solar energy systems or other improvements financed through property accessed clean programs, or PACE.

We cannot ensure that our sales force will comply with our standard practices and policies, as well as applicable laws and regulations. Any such non-compliance, or the perception of noncompliance, potentially could expose us to claims, proceedings, litigation, investigations, and/or enforcement actions 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 the laws, regulations and industry standards that apply to us.

***Any unauthorized access to, or disclosure or theft of personal information or other proprietary information we gather, store or use could harm our reputation and subject us to claims or litigation.***

We receive, store and use personal information of our customers, including names, addresses, e-mail addresses, credit information and other housing and energy use information. We also store and use personal information of our employees. In addition, we previously used certain shared information and technology systems with Vivint, and Vivint continues to store some of our historical data. We take certain steps in an effort to protect the security, integrity and confidentiality of the personal information and other proprietary and confidential information we collect, store or transmit, but there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information despite our efforts. Because techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we and our suppliers or vendors, including Vivint, may be unable to anticipate these techniques or to implement adequate preventative or mitigation measures. In addition, due to a potential time lapse between when a sales representative leaves us and when we are made aware of the separation, sales representatives may have continued access to our customers' information for a period when they should not.

We are also subject to laws and regulations relating to the collection, use, retention, security and transfer of personal information of our customers. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between one company and its subsidiaries. Several jurisdictions have passed new laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us, such as the Payment Card Industry Data Security Standard, or PCI DSS, which may affect any processes associated with handling credit card numbers. In the event we fail to be compliant with the PCI DSS, fines and other penalties could result. Complying with emerging and changing requirements may cause us to incur costs or require us to change our business practices. Any actual or alleged failure by us, our affiliates or other parties with whom we do business to comply with privacy-related or data protection laws, regulations and industry standards could result in proceedings against us by governmental entities or others, which could have a detrimental effect on our business, results of operations and financial condition.

Any actual or perceived unauthorized use or disclosure of, or access to, any personal information or other proprietary or confidential information maintained by us or on our behalf, whether through breach of our systems, breach of the systems of our suppliers or vendors, including Vivint, by an unauthorized party, or through employee or contractor error, theft or misuse, or otherwise, could harm our business. If any such unauthorized use or disclosure of, or access to, such personal information were to occur or to be believed to have occurred, our operations could be seriously disrupted, and we could be subject to demands, claims and litigation by private parties, and investigations, related actions, and penalties by regulatory authorities. In addition, we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of federal, state and local laws and regulations relating to unauthorized access to, or use or disclosure of, personal information. Finally, any perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business, financial condition and results of operations.

***We are involved, and may become involved in the future, in legal proceedings that, if adversely adjudicated or settled, could adversely affect our financial results.***

We are, and may in the future become, party to litigation. For examples, see Note 17—Commitments and Contingencies. While we intend to defend against these actions vigorously, the ultimate outcomes of these cases are presently not determinable as they are in preliminary phases. In general, litigation claims can be expensive and time consuming to bring or defend against, may result in the diversion of management attention and resources from our business and business goals and could result in settlements or damages that could significantly affect financial results and the conduct of our business. It is not possible to predict the final resolution of the litigation to which we currently are or may in the future become party, and the impact of certain of these matters on our business, prospects, financial condition, liquidity, results of operations and cash flows.

***Our reported financial results may be affected, and comparability of our financial results with other companies in our industry may be impacted, by changes in the accounting principles generally accepted in the United States.***

Generally accepted accounting principles in the United States are subject to change and interpretation by the Financial Accounting Standards Board, or FASB, the Securities and Exchange Commission, or SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and on the financial results of other companies in our industry and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. For example, in May 2014 the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which affected certain elements of our accounting for revenue and costs incurred to acquire contracts as we adopted this standard on January 1, 2018. Other companies in our industry may be affected differently by the adoption of Topic 606 or other new accounting standards, including timing of the adoption of new accounting standards, adversely affecting the comparability of our financial statements. See Note 2—Summary of Significant Accounting Policies for information about Topic 606.

#### **Risks Related to our Relationship with Vivint**

*Our inability to resolve any disputes that arise between us and Vivint with respect to our past and ongoing relationships may adversely affect our financial results, and such disputes may also result in claims for indemnification.*

Disputes may arise between Vivint and us in a number of areas relating to our past and ongoing relationships, including the following:

- intellectual property, labor, tax, employee benefits, indemnification and other matters arising from our separation from Vivint;
- employee retention and recruiting;
- our ability to use, modify and enhance the intellectual property that we have licensed from Vivint;
- business combinations or divestitures;
- exclusivity arrangements;
- the nature, quality and pricing of products and services Vivint agrees to provide to us; and
- business opportunities that may be attractive to both Vivint and us.

We have entered into certain agreements with Vivint. In August 2017, we entered into a sales dealer agreement with Vivint. Under this agreement, each party will act as a dealer for the other party to market, promote and sell each other's products. The agreement has a two-year term, which will be automatically renewed for successive one-year terms unless written notice of termination is provided by one of the parties to the other no less than 90 days prior to the end of the then current term. The products, territories and consideration that is payable by each party to the other is determined in accordance with the agreement. There can be no assurances regarding the number of sales and installations of our products that Vivint will be able to generate, or the number of leads that we will be able to generate. In addition, as we work to expand our customer opportunities and product offerings through our relationship with Vivint, our business and results of operations may be adversely affected by factors that affect Vivint's business and our relationship. Pursuant to the terms of a Non-Competition Agreement we have entered into with Vivint, as amended, we and Vivint each have agreed not to solicit for employment any member of the other's executive or senior management team, or any of the other's employees who primarily manage sales, installation or services of the other's products and services until the termination of the sales dealer agreement. The commitment not to solicit each other's employees lasts for 180 days after such employee finishes employment with us or Vivint. Historically, we had recruited a significant number of our sales personnel from Vivint. This agreement may require us to obtain personnel from other sources, and any inability to do so may limit our ability to continue scaling our business if we are unable to do so. Notwithstanding the above, a number of sales representatives work for both Vivint and us. To the extent there is any confusion concerning the relationship between us and Vivint with respect to the products and services we offer and the products and services of Vivint, such sales representatives could expose us to increased claims, proceedings, litigation and investigations by consumers and regulatory authorities. In addition, having sales representatives who work for both Vivint and us could distract such sales representatives, impact the effectiveness of our sales force, and potentially increase the turnover of our existing sales representatives who may feel displaced by the addition of Vivint sales representatives to our sales force.

We may not be able to resolve any potential conflicts relating to these agreements or otherwise, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party. In addition, we have indemnification obligations under some of the agreements we have entered into with Vivint, and disputes between us and Vivint may result in claims for indemnification. However, we do not currently expect that these indemnification obligations will materially affect our potential liability compared to what it would be if we did not enter into these agreements with Vivint.

#### **Risks Related to Our Common Stock**

*The price of our common stock may be volatile, and the value of your investment could decline.*

The trading price of our common stock may be highly volatile. From our initial public offering on October 1, 2014 to June 30, 2018, the closing price of our common stock has ranged from a high of \$16.01 to a low of \$2.22. Our stock price could continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include:

- our financial condition and the availability and terms of future financing;
- changes in laws or regulations applicable to our industry or offerings, including any new tariffs or trade regulations that affect our ability to import goods at attractive prices or at all;
- additions or departures of key personnel;
- actual or anticipated changes in expectations regarding our performance by investors or securities analysts;

- securities litigation involving us;
- price and volume fluctuations in the overall stock market;
- volatility in the market price and trading volume of companies in our industry or companies that investors consider comparable;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- the failure of securities analysts to cover our common stock;
- our ability to protect our intellectual property and other proprietary rights;
- sales of our common stock by us, our stockholders or our employees, including sales of equity awards granted to our employees to cover tax withholding obligations;
- litigation or disputes involving us, our industry or both;
- major catastrophic events;
- general economic and market conditions; and
- potential acquisitions.

Further, 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, interest rate changes or international currency fluctuations, may cause the market price of our common stock to decline. If the market price of our common stock decreases, investors may not realize any return on investment and may lose some or all of their investments. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We could become the target of additional securities litigation in the future, which could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

*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" including, but not limited to, 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 have utilized, and we plan in future filings with the Securities and Exchange Commission, or 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" until the earliest of (1) December 31, 2019, (2) the last day of the first fiscal year in which our annual gross revenue exceeds \$1.1 billion, (3) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if we become a seasoned issuer and the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter and (4) the date on which we have issued more than \$1 billion in non-convertible debt securities during the preceding three-year period.

*Our stock price could decline due to the large number of outstanding shares of our common stock eligible for future sale.*

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

As of June 30, 2018, we had 118.5 million outstanding shares of common stock. These shares may be sold in the public market in the United States, subject to prior registration in the United States, if required, or reliance upon an exemption from U.S. registration, including, in the case of shares held by affiliates or control persons, compliance with the volume restrictions of Rule 144.

In addition, we have granted and expect to continue to grant equity awards to our directors and employees as additional compensation in an effort to align their interests with those of our stockholders. Approximately 2.7 million shares of our common stock are reserved for future issuance under our Long-Term Incentive Plan, and these shares will issue, vest and be immediately tradable without restriction on the date that our Sponsor and its affiliates achieve specified returns on their invested capital.

Further, equity awards for 10.3 million shares of common stock remained outstanding as of June 30, 2018, with 1.7 million of those shares being vested and exercisable as of June 30, 2018. Additionally, "sell-to-cover" transactions are utilized in connection with the vesting and settlement of equity awards that are granted to our employees so that shares of our common stock are sold on behalf of our employees in an amount sufficient to cover the tax withholding obligations associated with these awards. As a result of these transactions, a significant number of shares of our stock may be sold over a limited time period in connection with significant vesting events. During the month of May 2018, approximately 2.3 million restricted stock units vested and settled, which increased the volume of our shares that would otherwise have been sold during that time.

Stockholders owning an aggregate of 84.4 million shares of our common stock are entitled, under contracts providing for registration rights, to require us to register shares of our common stock owned by them for public sale in the United States, subject to the restrictions of Rule 144. In October 2014, we filed a registration statement on Form S-8 to register 22.9 million shares previously issued or reserved for future issuance under our equity compensation plans and agreements, and we registered an additional 12.9 million shares in March 2017. Under these registration statements, subject to the satisfaction of applicable vesting periods, the shares of common stock issued upon exercise of outstanding options and vested restricted stock units will be available for immediate resale in the United States in the open market. Sales of our common stock as restrictions end or pursuant to registration rights 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 our stock price to fall and make it more difficult for investors to sell shares of our common stock.

***Our Sponsor and its affiliates control us, and their interests may conflict with ours or investors' in the future.***

As of June 30, 2018, 313 Acquisition LLC, which is controlled by our Sponsor and its affiliates, beneficially owned approximately 70% of our common stock. Moreover, under our organizational documents and the stockholders agreement with 313 Acquisition LLC, for so long as our existing owners and their affiliates retain significant ownership of us, we will agree to nominate to our board individuals designated by our Sponsor, whom we refer to as the Sponsor directors. In addition, for so long as 313 Acquisition LLC continues to own shares representing a majority of the total voting power, we will agree to nominate to our board individuals appointed by Summit Partners and Todd Pedersen. Even when our Sponsor and its affiliates and certain of its co-investors cease to own shares of our stock representing a majority of the total voting power, for so long as our Sponsor and its affiliates continue to own a significant percentage of our stock our Sponsor will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval. In addition, under the stockholders agreement, affiliates of our Sponsor will have consent rights with respect to certain actions involving our company, provided a certain aggregate ownership threshold is maintained collectively by our Sponsor and its affiliates, together with Summit Partners, Todd Pedersen and Alex Dunn and their respective affiliates. Accordingly, for such period of time, our Sponsor and certain of its co-investors will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. In particular, for so long as our Sponsor and its affiliates continue to own a significant percentage of our stock, our Sponsor will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive investors of an opportunity to receive a premium for shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

Our Sponsor and its affiliates engage in a broad spectrum of activities, including investments in the energy sector. In the ordinary course of their business activities, our Sponsor and its affiliates may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. For example, affiliates of our Sponsor regularly invest in utility companies and solar and renewable energy companies that may compete with us. Our certificate of incorporation provides that none of our Sponsor, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Our Sponsor also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, our Sponsor may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to investors.

*We have elected to take advantage of the “controlled company” exemption to the corporate governance rules for New York Stock Exchange, or NYSE, listed companies, which could make our common stock less attractive to some investors or otherwise harm our stock price.*

Because we qualify as a “controlled company” under the corporate governance rules for NYSE listed companies, we are not required to have a majority of our board of directors be independent, nor are we required to have a compensation committee or an independent nominating function. In light of our status as a controlled company, in the future we could elect not to have a majority of our board of directors be independent or not to have a compensation committee or nominating and governance committee. Accordingly, should the interests of 313 Acquisition LLC or our Sponsor differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for NYSE listed companies. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price.

*Provisions in our certificate of incorporation, bylaws, stockholders agreement and under Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.*

Our certificate of incorporation, bylaws and stockholders agreement contain provisions that could depress the trading price of our common stock by discouraging, delaying or preventing a change of control of our company or changes in our management that the stockholders of our company may believe advantageous. These provisions include:

- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- authorizing “blank check” preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt;
- limiting the ability of stockholders to call a special stockholder meeting;
- limiting the ability of stockholders to act by written consent;
- providing that the board of directors is expressly authorized to make, alter or repeal our bylaws;
- establishing advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- requiring our Sponsor to consent to certain actions, as described under the section of our 2018 Proxy Statement captioned “Related Party Transactions—Agreements with Our Sponsor,” for so long as our Sponsor, Summit Partners, Todd Pedersen and Alex Dunn or their respective affiliates collectively own, in the aggregate, at least 30% of our outstanding shares of common stock;
- the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66-2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class, if Blackstone and its affiliates beneficially own, in the aggregate, less than 30% in voting power of the stock of our company entitled to vote generally in the election of directors; and
- that certain provisions may be amended only by the affirmative vote of the holders of at least 66-2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class, if Blackstone and its affiliates beneficially own, in the aggregate, less than 30% in voting power of the stock of our company entitled to vote generally in the election of directors.

*If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.*

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who do now, or may in the future, cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to 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 our stock price or trading volume to decline.

**Item 6. Exhibits**

10.1	<a href="#">Indenture dated as of June 11, 2018 between Vivint Solar Financing V, LLC and Wells Fargo Bank, National Association</a>
10.2	<a href="#">Indenture dated as of June 11, 2018 between Vivint Solar Financing IV, LLC and Wells Fargo Bank, National Association</a>
31.1	<a href="#">Certification of Chief Executive Officer, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002</a>
32.1*	<a href="#">Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*	<a href="#">Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\* The Certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Vivint Solar, 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 Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VIVINT SOLAR, INC.

Date: August 7, 2018

/s/ David Bywater  
David Bywater  
Chief Executive Officer  
*(Principal Executive Officer)*

Date: August 7, 2018

/s/ Dana Russell  
Dana Russell  
Chief Financial Officer and Executive Vice President  
*(Principal Financial Officer)*

VIVINT SOLAR FINANCING V, LLC

ISSUER

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

INDENTURE TRUSTEE

INDENTURE

DATED AS OF JUNE 11, 2018,

\$466,000,000

VIVINT SOLAR FINANCING V, LLC  
SOLAR ASSET BACKED NOTES, SERIES 2018-1  
CLASS A NOTES AND CLASS B NOTES

---

---

**Table of Contents**

	<b>Page</b>
ARTICLE I Definitions	2
Section 1.01.	<i>General Definitions and Rules of Construction</i> 2
Section 1.02.	<i>Calculations</i> 2
ARTICLE II The Notes; Reconveyance	2
Section 2.01.	<i>General</i> 2
Section 2.02.	<i>Forms of Notes</i> 3
Section 2.03.	<i>Payment of Principal and Interest</i> 5
Section 2.04.	<i>Payments to Noteholders</i> 6
Section 2.05.	<i>Execution, Authentication, Delivery and Dating</i> 6
Section 2.06.	<i>Temporary Notes</i> 7
Section 2.07.	<i>Registration, Registration of Transfer and Exchange</i> 7
Section 2.08.	<i>Transfer and Exchange</i> 11
Section 2.09.	<i>Mutilated, Destroyed, Lost or Stolen Notes</i> 15
Section 2.10.	<i>Persons Deemed Noteholders</i> 16
Section 2.11.	<i>Cancellation of Notes</i> 16
Section 2.12.	<i>Conditions to Closing</i> 16
Section 2.13.	<i>Definitive Notes</i> 18
Section 2.14.	<i>Access to List of Noteholders' Names and Addresses</i> 19
ARTICLE III Covenants; Collateral; Representations; Warranties	19
Section 3.01.	<i>Performance of Obligations</i> 19
Section 3.02.	<i>Negative Covenants</i> 21
Section 3.03.	<i>Money for Note Payments</i> 21
Section 3.04.	<i>Restriction of Issuer Activities</i> 22
Section 3.05.	<i>Protection of Trust Estate</i> 22
Section 3.06.	<i>Opinions as to Trust Estate</i> 24
Section 3.07.	<i>Statement as to Compliance</i> 25
Section 3.08.	<i>Recording</i> 25
Section 3.09.	<i>Agreements Not to Institute Bankruptcy Proceedings</i> 25
Section 3.10.	<i>Additional Covenants ; Covenants with Respect to the Managing Members and Project Companies.</i> 26
Section 3.11.	<i>Providing of Notice .</i> 30
Section 3.12.	<i>Representations and Warranties of the Issuer</i> 31
Section 3.13.	<i>Representations and Warranties of the Indenture Trustee</i> 36
Section 3.14.	<i>Knowledge</i> 37
ARTICLE IV Management, Administration and Servicing	37
Section 4.01.	<i>Management Agreement</i> 37

	<b>Page</b>
ARTICLE V Accounts, Collections, Payments of Interest and Principal, Releases, and Statements to Noteholders	39
Section 5.01.	39
Section 5.02.	42
Section 5.03.	44
Section 5.04.	45
Section 5.05.	45
Section 5.06.	47
Section 5.07.	48
Section 5.08.	49
Section 5.09.	49
Section 5.10.	50
ARTICLE VI Voluntary Prepayment of Notes and Release of Collateral	50
Section 6.01.	50
Section 6.02.	51
Section 6.03.	51
Section 6.04.	51
Section 6.05.	51
ARTICLE VII The Indenture Trustee	51
Section 7.01.	51
Section 7.02.	53
Section 7.03.	54
Section 7.04.	55
Section 7.05.	56
Section 7.06.	56
Section 7.07.	56
Section 7.08.	57
Section 7.09.	57
Section 7.10.	58
Section 7.11.	59
Section 7.12.	59
Section 7.13.	59
Section 7.14.	61
Section 7.15.	61
Section 7.16.	61
Section 7.17.	62

	<b>Page</b>
ARTICLE VIII [Reserved]	62
ARTICLE IX Event of Default	62
<i>Section 9.01.</i>	<i>Events of Default</i> 62
<i>Section 9.02.</i>	<i>Actions of Indenture Trustee</i> 64
<i>Section 9.03.</i>	<i>Indenture Trustee May File Proofs of Claim</i> 64
<i>Section 9.04.</i>	<i>Indenture Trustee May Enforce Claim Without Possession of Notes</i> 65
<i>Section 9.05.</i>	<i>Knowledge of Indenture Trustee</i> 65
<i>Section 9.06.</i>	<i>Limitation on Suits</i> 65
<i>Section 9.07.</i>	<i>Unconditional Right of Noteholders to Receive Principal and Interest</i> 66
<i>Section 9.08.</i>	<i>Restoration of Rights and Remedies</i> 66
<i>Section 9.09.</i>	<i>Rights and Remedies Cumulative</i> 66
<i>Section 9.10.</i>	<i>Delay or Omission; Not Waiver</i> 67
<i>Section 9.11.</i>	<i>Control by Noteholders</i> 67
<i>Section 9.12.</i>	<i>Waiver of Certain Events by Less Than All Noteholders</i> 67
<i>Section 9.13.</i>	<i>Undertaking for Costs</i> 67
<i>Section 9.14.</i>	<i>Waiver of Stay or Extension Laws</i> 68
<i>Section 9.15.</i>	<i>Sale of Trust Estate</i> 68
<i>Section 9.16.</i>	<i>Action on Notes</i> 69
ARTICLE X Supplemental Indentures	69
<i>Section 10.01.</i>	<i>Supplemental Indentures Without Noteholder Approval</i> 69
<i>Section 10.02.</i>	<i>Supplemental Indentures with Consent of Noteholders</i> 70
<i>Section 10.03.</i>	<i>Execution of Amendments and Supplemental Indentures</i> 71
<i>Section 10.04.</i>	<i>Effect of Amendments and Supplemental Indentures</i> 71
<i>Section 10.05.</i>	<i>Reference in Notes to Amendments and Supplemental Indentures</i> 72
<i>Section 10.06.</i>	<i>Indenture Trustee to Act on Instructions</i> 72
ARTICLE XI [Reserved]	72
ARTICLE XII Miscellaneous	72
<i>Section 12.01.</i>	<i>Compliance Certificates and Opinions; Furnishing of Information</i> 72
<i>Section 12.02.</i>	<i>Form of Documents Delivered to Indenture Trustee</i> 73
<i>Section 12.03.</i>	<i>Acts of Noteholders</i> 74
<i>Section 12.04.</i>	<i>Notices, Etc</i> 74
<i>Section 12.05.</i>	<i>Notices and Reports to Noteholders; Waiver of Notices</i> 75
<i>Section 12.06.</i>	<i>Rules by Indenture Trustee</i> 76
<i>Section 12.07.</i>	<i>Issuer Obligation</i> 76
<i>Section 12.08.</i>	<i>Enforcement of Benefits</i> 77
<i>Section 12.09.</i>	<i>Effect of Headings and Table of Contents</i> 77

		<b>Page</b>
<i>Section 12.10.</i>	<i>Successors and Assigns</i>	77
<i>Section 12.11.</i>	<i>Separability</i>	77
<i>Section 12.12.</i>	<i>Benefits of Indenture</i>	77
<i>Section 12.13.</i>	<i>Legal Holidays</i>	77
<i>Section 12.14.</i>	<i>Governing Law; Jurisdiction; Waiver of Jury Trial</i>	77
<i>Section 12.15.</i>	<i>Counterparts</i>	78
<i>Section 12.16.</i>	<i>Recording of Indenture</i>	78
<i>Section 12.17.</i>	<i>Further Assurances</i>	78
<i>Section 12.18.</i>	<i>No Bankruptcy Petition Against the Issuer</i>	78
<i>Section 12.19.</i>	<i>[Reserved].</i>	78
<i>Section 12.20.</i>	<i>Liquidated Damages Demands</i>	78
<i>Section 12.21.</i>	<i>[Reserved].</i>	79
<i>Section 12.22.</i>	<i>Tax Treatment Disclosure</i>	79
<i>Section 12.23.</i>	<i>Multiple Roles</i>	79
<i>Section 12.24.</i>	<i>PATRIOT Act</i>	79
<b>ARTICLE XIII Termination</b>		<b>79</b>
<i>Section 13.01.</i>	<i>Termination of Indenture</i>	79
Schedule I	— Schedule of Solar Assets	
Schedule II	— Scheduled Host Customer Payments and Scheduled Hedged SREC Payments	
Schedule III	— Scheduled Outstanding Note Balance	
Schedule IV	— Scheduled Tax Equity Investor Distributions	
Schedule V	— Schedule of Supplemental Reserve Account Deposit Amounts	
Exhibit A-1	— Form of Class A Note	A-1
Exhibit A-2	— Form of Class B Note	A-2
Exhibit B	— Forms of Transferee Letter	B-1
Exhibit C	— Notice of Voluntary Prepayment	C-1
Exhibit D	— Definitive Class B Certification	D-1
Annex A	— Standard Definitions	

THIS INDENTURE (as amended or supplemented from time to time, the "Indenture") is dated as of June 11, 2018 between Vivint Solar Financing V, LLC, a limited liability company organized under the laws of the State of Delaware, as issuer (the "Issuer"), and Wells Fargo Bank, National Association, a national banking association, not in its individual capacity but solely in its capacity as indenture trustee (together with its successors and assigns in such capacity, the "Indenture Trustee").

#### PRELIMINARY STATEMENT

Pursuant to this Indenture, there is hereby duly authorized the execution and delivery of two classes of notes designated as the Issuer's 4.73% Solar Asset Backed Notes, Series 2018-1, Class A (the "Class A Notes") and 7.37% Solar Asset Backed Notes, Series 2018-1, Class B (the "Class B Notes"). All covenants and agreements made by the Issuer herein are for the benefit and security of the Holders of the Notes. The Issuer is entering into this Indenture, and the Indenture Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

#### GRANTING CLAUSE

The Issuer hereby Grants to the Indenture Trustee, for the benefit of the Holders of the Notes, as their interests may appear, all of the rights, title, interest and benefits of the Issuer whether now existing or hereafter arising in and to: (a) the Managing Member Membership Interests; (b) the Contribution Agreements, the Management Agreement, the Manager Transition Agreement, the Custodial Agreement, the Performance Guaranty, any Letter of Credit and all other Transaction Documents; (c) amounts deposited from time to time into the Collection Account, the Liquidity Reserve Account, the Supplemental Reserve Account, the Tax Loss Insurance Proceeds Account, and all Eligible Investments in each such account; (d) the membership interests of each Tax Equity Investor Member in the related Project Company if and when acquired by the Issuer through exercise of the related Purchase Option; (e) the membership interests of each Managing Member in the related Project Company; (f) Hedged SRECs, if any, distributed to Managing Members in accordance with the related Project Company LLCAs and the collateral assignments by the Hedged SREC Affiliates of the related Hedged SREC Agreements; (g) proceeds of any and all of the foregoing including all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or other property; and (h) all other assets of the Issuer (collectively, the "Trust Estate") except that the Trust Estate will not include a lien on any Excluded Property or the Solar Assets or any other assets of the Project Companies. In addition, the Indenture Trustee will be named as loss payee with respect to the Tax Loss Insurance Policies for the benefit of the Noteholders.

Such Grants are made in trust, to secure payments of amounts due with respect to the Notes ratably and without prejudice, priority or distinction between the Notes, and to secure: (a) the payment of all amounts on the Notes as such amounts become due in accordance with their terms; (b) the payment of all other sums payable in accordance with the provisions of this Indenture; and (c) compliance with the provisions of this Indenture, all as provided in this Indenture.

The Indenture Trustee acknowledges such Grants, accepts the trusts hereunder in accordance with the provisions of this Indenture, and agrees to perform the duties herein required pursuant to the terms and provisions of this Indenture and subject to the conditions hereof.

## ARTICLE I

### DEFINITIONS

#### *Section 1.01. General Definitions and Rules of Construction*

Except as otherwise specified or as the context may otherwise require, capitalized terms used in this Indenture shall have the respective meanings given to such terms in the Standard Definitions attached hereto as Annex A, which is hereby incorporated by reference into this Indenture as if set forth fully in this Indenture. The rules of construction set forth in Annex A shall apply to this Indenture and are hereby incorporated by reference into this Indenture as if set forth fully in this Indenture.

#### *Section 1.02. Calculations*

Calculations required to be made pursuant to this Indenture shall be made on the basis of information or accountings as to payments on each Note furnished by the Manager. Except to the extent they are incorrect on their face, such information or accountings may be conclusively relied upon in making such calculations, but to the extent that it is later determined that any such information or accountings are incorrect, appropriate corrections or adjustments will be made.

## ARTICLE II

### THE NOTES; RECONVEYANCE

#### *Section 2.01. General*

(a) The Notes shall be designated the Issuer's "4.73% Solar Asset Backed Notes, Series 2018-1, Class A" and "7.37% Solar Asset Backed Notes, Series 2018-1, Class B."

(b) All payments of principal and interest with respect to the Notes shall be made only from the Trust Estate on the terms and conditions specified herein. Each Noteholder and each Note Owner, by its acceptance of a Note, agrees that it will have recourse solely against such Trust Estate and such payment and indemnification obligations included therein.

(c) Except as otherwise provided herein, all Notes shall be substantially identical in all respects. Except as specifically provided herein, all Notes issued, authenticated and delivered under this Indenture shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

(d) The Initial Outstanding Note Balance of the Class A Notes and the Class B Notes that may be executed by the Issuer and authenticated and delivered by the Indenture Trustee and Outstanding at any given time under this Indenture is limited to \$400,000,000 and \$66,000,000, respectively.

(e) Holders of the Notes shall be entitled to payments of interest and principal as provided herein. Each Class of Notes shall have a final maturity on the Rated Final Maturity.

All Notes of the same Class shall be secured on parity with one another, with no Note of any Class having any priority over any other Note of that same Class.

(f) The Notes that are authenticated and delivered to the Noteholders by the Indenture Trustee upon an Issuer Order on the Closing Date shall be dated as of the Closing Date. Any Note issued later in exchange for, or in replacement of, any Note issued on the Closing Date shall be dated the date of its authentication.

(g) The Class A Notes are issuable in minimum denominations of \$100,000 and the Class B Notes are issuable in minimum denominations of \$750,000, and, in each case, integral multiples of \$1,000 in excess thereof; provided that one Note of such Class may be issued in an additional amount equal to any remaining portion of the Initial Outstanding Note Balance of such Class.

*Section 2.02. Forms of Notes*

The Notes shall be in substantially the form set forth in Exhibit A-1 or Exhibit A-2, as applicable, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the Issuer, as evidenced by its execution thereof.

The Definitive Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Each Note shall be dated the date of its authentication. The terms of the Notes are set forth in Exhibit A-1 and Exhibit A-2, and are part of the terms of this Indenture.

(a) *Global Notes*. The Notes are being offered and sold by the Issuer to the Initial Purchasers pursuant to the Note Purchase Agreement.

Notes offered and sold within the United States to QIBs in reliance on Rule 144A shall be issued initially in the form of Rule 144A Global Notes, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Indenture Trustee, as custodian for the Securities Depository, and registered in the name of the Securities Depository or a nominee of the Securities Depository, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. The Outstanding Note Balance of the Rule 144A Global Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee and the Securities Depository or its nominee as hereinafter provided. The Indenture Trustee shall not be liable for any error or omission by the Securities Depository in making such record adjustments and the records of the Indenture Trustee shall be controlling with regard to outstanding principal amount of Notes hereunder.

Notes offered and sold outside of the United States in reliance on Regulation S under the Securities Act shall be issued initially in the form of a Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Indenture Trustee, as custodian for the Securities Depository, and registered in the name of the Securities Depository or the nominee of the Securities Depository for the investors' respective

accounts at Euroclear Bank S.A./N.V. as operator of the Euroclear System (“*Euroclear*”), or Clearstream Banking société anonyme (“*Clearstream*”), duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. Beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear or Clearstream.

Within a reasonable period of time following the expiration of the “40-day distribution compliance period” (as defined in Regulation S), beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in Regulation S Permanent Global Notes upon the receipt by the Indenture Trustee of an Officer’s Certificate from the Issuer. The Regulation S Permanent Global Notes will be deposited with the Indenture Trustee, as custodian, and registered in the name of a nominee of the Securities Depository. Simultaneously with the authentication of the Regulation S Permanent Global Notes, the Indenture Trustee shall cancel the Regulation S Temporary Global Note. The Outstanding Note Balance of the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee and the Securities Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided. The Indenture Trustee shall incur no liability for any error or omission of the Securities Depository in making such record adjustments and the records of the Indenture Trustee shall be controlling with regard to outstanding principal amount of Regulation S Global Notes hereunder.

Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and prepayments. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Indenture Trustee, or by the Note Registrar at the direction of the Indenture Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.08.

The provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “Management Regulations” and “Instructions to Participants” of Clearstream shall be applicable to interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes that are held by the members of, or participants in, the Securities Depository (“*Agent Members*”) through Euroclear or Clearstream.

Except as set forth in Section 2.08, the Global Notes may be transferred, in whole and not in part, only to another nominee of the Securities Depository or to a successor of the Securities Depository or its nominee.

(b) *Book-Entry Provisions*. This Section 2.02(b) shall apply only to the Global Notes deposited with or on behalf of the Securities Depository.

The Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.02(b), authenticate and deliver one Global Note for each Class of Notes which (i) shall be registered in the name of the Securities Depository or the nominee of the Securities Depository and (ii) shall be delivered by the Indenture Trustee to the Securities Depository or

pursuant to the Securities Depository's instructions or held by the Indenture Trustee as custodian for the Securities Depository.

Agent Members shall have no rights either under this Indenture with respect to any Global Note held on their behalf by the Securities Depository or by the Indenture Trustee as custodian for the Securities Depository or under such Global Note, and the Securities Depository may be treated by the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee from giving effect to any written certification, proxy or other authorization furnished by the Securities Depository or impair, as between the Securities Depository and its Agent Members, the operation of customary practices of such Securities Depository governing the exercise of the rights of an owner of a beneficial interest in any Global Note.

The Note Registrar and the Indenture Trustee shall be entitled to treat the Securities Depository for all purposes of this Indenture (including the payment of principal of and interest on the Notes and the giving of instructions or directions hereunder) as the sole Holder of the Notes, and shall have no obligation to the Note Owners.

The rights of Note Owners shall be exercised only through the Securities Depository and shall be limited to those established by law and agreements between such Note Owners and the Securities Depository and/or the Agent Members pursuant to the Note Depository Agreement. The initial Securities Depository will make book-entry transfers among the Agent Members and receive and transmit payments of principal of and interest on the Notes to such Agent Members with respect to such Global Notes.

Whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of Notes evidencing a specified percentage of the Outstanding amount of the Notes, the Securities Depository shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Note Owners and/or Agent Members owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to the Indenture Trustee.

(c) *Definitive Notes*. Except as provided in Sections 2.08 and 2.13, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated definitive, fully registered Notes (the "*Definitive Notes*").

*Section 2.03. Payment of Principal and Interest*

(a) Principal payments on the Notes will be made on each Payment Date to the Noteholders as of the related Record Date pursuant to the provision of Section 5.05. The remaining Aggregate Outstanding Note Balance, if any, shall be due and payable on the Rated Final Maturity.

(b) On each Payment Date, the Note Interest for each Class of Notes will be distributed to the registered Noteholders of the applicable Class of Notes as of the related Record Date in accordance with the Priority of Payments. Interest on the Notes with respect to any Payment Date will accrue at the applicable Note Rate based on the Interest Accrual Period.

(c) If the Outstanding Note Balance of any Class of Notes has not been paid in full on or before the Anticipated Repayment Date, additional interest (the “*Post-ARD Additional Note Interest*”) will begin to accrue during each Interest Accrual Period thereafter on such Class of Notes at the related Post-ARD Additional Interest Rate. The Post-ARD Additional Note Interest for a Class of Notes will only be due and payable after the Aggregate Outstanding Note Balance has been paid in full. Prior to such time, the Post-ARD Additional Note Interest accruing on a Class of Notes will be deferred and added to any Post-ARD Additional Note Interest previously deferred and remaining unpaid (“*Deferred Post-ARD Additional Note Interest*”). Deferred Post-ARD Additional Note Interest will not bear interest.

*Section 2.04. Payments to Noteholders*

(a) Noteholders of each Class shall, subject to the priorities and conditions set forth in Section 5.05, be entitled to receive payments of interest and principal on each Payment Date. Any payment of interest or principal payable with respect to the Notes on the applicable Payment Date shall be made to the Person in whose name such Note is registered on the Record Date for such Payment Date in the manner provided in Section 5.07.

(b) All reductions in the principal balance of a Note (or one or more Predecessor Notes) effected by payments of principal made on any Payment Date shall be binding upon all Holders of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Note.

*Section 2.05. Execution, Authentication, Delivery and Dating*

(a) The Notes shall be executed by the Issuer. The signature of such Authorized Officer on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signature of any individual who was, at the time of execution thereof, an Authorized Officer of the Issuer shall bind the Issuer, notwithstanding the fact that such individual ceased to hold such office prior to the authentication and delivery of such Notes or did not hold such office at the date of issuance of such Notes.

(b) On the Closing Date, the Issuer shall, and at any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication, and the Indenture Trustee, upon receipt of the Notes and of an Issuer Order, shall authenticate and deliver such Notes; *provided, however*, that the Indenture Trustee shall not authenticate the Notes on the Closing Date unless and until it shall have received the documents listed in Section 2.12.

(c) Each Note authenticated and delivered by the Indenture Trustee to or upon an Issuer Order on or prior to the Closing Date shall be dated the Closing Date. All other Notes that are authenticated after the Closing Date for any other purpose under this Indenture shall be dated the date of their authentication.

(d) Notes issued upon transfer, exchange or replacement of other Notes shall be issued in authorized denominations reflecting the Outstanding Note Balance so transferred, exchanged or replaced, but shall represent only the Outstanding Note Balance so transferred, exchanged or replaced. In the event that any Note is divided into more than one Note in

accordance with this Article II, such Outstanding Note Balance shall be divided among the Notes delivered in exchange therefor.

(e) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication, substantially in the form provided for herein, executed by the Indenture Trustee by the manual signature of a Responsible Officer of the Indenture Trustee, and such executed certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered.

*Section 2.06. Temporary Notes*

Except for the Notes maintained in book-entry form, temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Definitive Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Issuer. Every such temporary Note shall be executed by the Issuer and authenticated by the Indenture Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the Definitive Notes. Without unreasonable delay, the Issuer will execute and deliver to the Indenture Trustee Definitive Notes (other than in the case of Notes in global form) and thereupon any or all temporary Notes (other than in the case of Notes in global form) may be surrendered in exchange therefor, at the Corporate Trust Office, and the Indenture Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Definitive Notes. Such exchange shall be made by the Issuer at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Definitive Notes authenticated and delivered hereunder.

*Section 2.07. Registration, Registration of Transfer and Exchange*

(a) The Indenture Trustee (in such capacity, the “*Note Registrar*”) shall cause to be kept at its Corporate Trust Office a register (the “*Note Register*”), in which, subject to such reasonable regulations as it may prescribe, the Note Registrar shall provide for the registration of the Notes and the registration of transfers of such Notes. The Notes are intended to be obligations in registered form for purposes of Section 163(f), Section 871(h)(2) and Section 881(c)(2) of the Code.

(b) Each Person who has or who acquires any Ownership Interest in a Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of this Section 2.07 and Section 2.08.

(c) Each purchaser of Global Notes, other than the Initial Purchasers, will be deemed to have represented and agreed as follows:

(i) The purchaser (A) (1) is a QIB, (2) is aware that the sale to it is being made in reliance on Rule 144A and (3) is acquiring the Notes or interests therein for its own account or for the account of a QIB or (B) is not a U.S. Person and is purchasing the Notes or interests therein in an offshore transaction pursuant to Regulation S.

(ii) The purchaser understands that the Notes and interests therein are being offered in a transaction not involving any public offering in the United States within the

meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes or any interests therein, such Class A Notes and Class B Notes or the interests therein may be offered, resold, pledged or otherwise transferred in minimum denominations of \$100,000 and \$750,000, respectively, and, in each case, in integral multiples of \$1,000 in excess thereof, and only (1) in the United States to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (2) outside the United States in a transaction complying with the provisions of Regulation S under the Securities Act, or (3) pursuant to another exemption from registration under the Securities Act (if available and evidenced by an opinion of counsel acceptable to the Issuer and the Indenture Trustee), in each of cases (1) through (3) in accordance with any applicable securities laws of any State of the United States and any other applicable jurisdiction, and that (B) the purchaser will, and each subsequent Holder is required to, notify any subsequent purchaser of such Notes or interests therein from it of the resale restrictions referred to in (A) above.

(iii) The purchaser understands that the Notes will bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF [\$100,000][ *FOR CLASS A NOTES* ][\$750,000][ *FOR CLASS B NOTES* ] AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE

WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM THE SECURITIES DEPOSITORY.

(iv) The purchaser understands that any Note offered in reliance on Regulation S will, during the 40-day distribution compliance period commencing on the day after the later of the commencement of the offering and the date of original issuance of the Notes, bear a legend substantially to the following effect:

THIS NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A REGULATION S PERMANENT GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Following the 40-day distribution compliance period, interests in a Regulation S Temporary Global Note will be exchanged for interests in a Regulation S Permanent Global Note

(v) Each purchaser and transferee by its purchase of a Class A Note or Ownership Interest therein shall be deemed to have represented and warranted that (a) it is not acquiring the Class A Note or interest therein for or on behalf of or with the assets of any employee benefit plan as defined in Section 3(3) of the Employment Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to Title I of ERISA or any other “plan” as defined in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code or any entity whose underlying assets include plan assets (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(3) of ERISA) by reason of an employee benefit plan’s or plan’s investment in such entity (each a “Benefit Plan Investor”), or any “governmental plan” within the meaning of Section 3(32) of ERISA or “church plan” within the meaning of Section 3(33) of ERISA that is subject to any substantially similar provision of state or local law (“Similar Law”), or (b) with respect to purchases and transfers of Class A Notes only, if the purchaser or transferee is a Benefit Plan Investor or a governmental plan or church plan subject to Similar Law, the

purchaser and transferee and the fiduciary of such Benefit Plan Investor or governmental plan or church plan by its purchase of the Note or interest therein shall be deemed to have represented and warranted that the purchase and holding of the Class A Note or interest therein will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or violation of Similar Law and will be consistent with any applicable fiduciary duties that may be imposed upon the purchaser or transferee.

(vi) Each purchaser and transferee by its purchase of a Class B Note or Ownership Interest therein shall be deemed to have represented and warranted that at the time of its purchase and throughout the period that it holds such Class B Note or interest therein, that (1) it is not and will not be a Benefit Plan Investor (2) it will not be purchasing the Class B Note with the assets of a Government Plan or church plan and (3) it will not sell or otherwise transfer the Class B Note or interest therein to any person without first obtaining the same foregoing representations, warranties and covenants from that person.

(vii) The purchaser understands that the Issuer may receive a list of participants holding positions in the Notes from the Securities Depository.

(viii) Each purchaser and transferee by its purchase of a Note or interest therein shall be deemed to have agreed to treat the Note as indebtedness and indicate on all federal, state and local income tax and information returns and reports required to be filed with respect to the Note, under any applicable federal, state or local tax statute or any rule or regulation under any of them, that the Note is indebtedness unless otherwise required by applicable law as determined by a Final Determination.

(ix) Each purchaser and transferee of a Class A Note that is a Benefit Plan Investor, by its purchase of a Note or interest therein, to the extent that the DOL Final Fiduciary Rule remains in effect shall be deemed to have represented and warranted that (i) it has not received and is not receiving investment advice from the ERISA Transaction Parties with respect to the Benefit Plan Investor's investment in the Notes, (ii) none of the ERISA Transaction Parties has made or will make any recommendations as to the advisability of the acquiring, holding or continuing to hold, disposal of, or exchange of the Notes, or has provided or will provide investment advice, and (iii) that such purchaser or transferee is an Eligible Benefit Plan Investor.

(d) Other than with respect to Notes maintained in book-entry form, at the option of a Noteholder, Notes may be exchanged for other Notes of any authorized denominations and of a like Outstanding Note Balance and Class upon surrender of the Notes to be exchanged at the Corporate Trust Office. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive.

(e) Other than with respect to Notes maintained in book-entry form, any Note presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed. All Notes issued upon any registration of transfer or exchange of Notes shall be

the valid obligations of the Issuer, evidencing the same rights, and entitled to the same benefits under this Indenture, as the Class of Notes surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange of Notes, but the Issuer and the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge as may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 2.08 not involving any transfer.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction. Consequently, the Notes are not transferable other than pursuant to an exemption from the registration requirements of the Securities Act and satisfaction of provisions set forth in this Indenture.

(f) Each purchaser and transferee by its purchase of a Class B Note or a beneficial interest therein shall be deemed to have made all of the certifications, representations, warranties and covenants set forth therein (which shall include those set forth in Section 2.07(c)(i) - (ix) and Section 2.08(c)). Any transfer of a beneficial interest in a Class B Note in violation of any of the foregoing will be of no force and effect and void *ab initio*.

*Section 2.08. Transfer and Exchange*

(a) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Securities Depository, in accordance with this Indenture and the procedures of the Securities Depository therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Beneficial interests in a Global Note may be transferred to persons who take delivery thereof in the form of a beneficial interest in the same Global Note in accordance with the transfer restrictions set forth in the legends in subsections (c)(iii) and (c)(iv) of Section 2.07, as applicable. Transfers of beneficial interests in the Global Notes to persons required or permitted to take delivery thereof in the form of an interest in another Global Note shall be permitted as follows:

(i) *Rule 144A Global Note to Regulation S Global Note*. If, at any time, an owner of a beneficial interest in a Rule 144A Global Note deposited with the Securities Depository (or the Indenture Trustee as custodian for the Securities Depository) wishes to transfer its interest in such Rule 144A Global Note to a person who is required or permitted to take delivery thereof in the form of an interest in a Regulation S Global Note, such owner shall, subject to compliance with the applicable procedures described herein (the "*Applicable Procedures*"), exchange or cause the exchange of such interest for an equivalent beneficial interest in a Regulation S Global Note as provided in this Section 2.08(a)(i). Upon receipt by the Indenture Trustee of (1) instructions given in accordance with the Applicable Procedures from an Agent Member directing the Indenture Trustee to credit or cause to be credited a beneficial interest in the Regulation S Global Note in an amount equal to the beneficial interest in the Rule 144A Global Note to be exchanged, (2) a written order given in accordance with the Applicable Procedures containing information regarding the participant account of the Securities Depository and the Euroclear or Clearstream account to be credited with such increase, and (3) a certificate in the form of Exhibit B-1 hereto given by the Note Owner of such beneficial interest stating that the transfer of such interest has been made in compliance with the

transfer restrictions applicable to the Global Notes and pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S, then the Indenture Trustee, as Note Registrar, shall instruct the Securities Depository to reduce or cause to be reduced the initial Outstanding Note Balance of the applicable Rule 144A Global Note and to increase or cause to be increased the initial Outstanding Note Balance of the applicable Regulation S Global Note by the initial principal amount of the beneficial interest in the Rule 144A Global Note to be exchanged, to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Regulation S Global Note equal to the reduction in the initial Outstanding Note Balance of the Rule 144A Global Note, and to debit, or cause to be debited, from the account of the person making such exchange or transfer the beneficial interest in the Rule 144A Global Note that is being exchanged or transferred.

(ii) *Regulation S Global Note to Rule 144A Global Note* . If, at any time an owner of a beneficial interest in a Regulation S Global Note deposited with the Securities Depository or with the Indenture Trustee as custodian for the Securities Depository wishes to transfer its interest in such Regulation S Global Note to a person who is required or permitted to take delivery thereof in the form of an interest in a Rule 144A Global Note, such owner shall, subject to the Applicable Procedures, exchange or cause the exchange of such interest for an equivalent beneficial interest in a Rule 144A Global Note as provided in this [Section 2.08\(a\)\(ii\)](#). Upon receipt by the Indenture Trustee of (1) instructions from Euroclear or Clearstream, if applicable, and the Securities Depository, directing the Indenture Trustee, as Note Registrar, to credit or cause to be credited a beneficial interest in the Rule 144A Global Note equal to the beneficial interest in the Regulation S Global Note to be exchanged, such instructions to contain information regarding the participant account with the Securities Depository to be credited with such increase, (2) a written order given in accordance with the Applicable Procedures containing information regarding the participant account of the Securities Depository and (3) if such transfer is being effected prior to the expiration of the "40-day distribution compliance period" (as defined by Regulation S under the Securities Act), a certificate in the form of Exhibit B-2 attached hereto given by the Note Owner of such beneficial interest stating (A) if the transfer is pursuant to Rule 144A, that the person transferring such interest in a Regulation S Global Note reasonably believes that the person acquiring such interest in a Rule 144A Global Note is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and any applicable blue sky or securities laws of any State of the United States, (B) that the transfer complies with the requirements of Rule 144A under the Securities Act and any applicable blue sky or securities laws of any State of the United States or (C) if the transfer is pursuant to any other exemption from the registration requirements of the Securities Act, that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the requirements of the exemption claimed, such statement to be supported by an Opinion of Counsel from the transferee or the transferor in form reasonably acceptable to the Issuer and to the Indenture Trustee, then the Indenture Trustee, as Note Registrar, shall instruct the Securities Depository to reduce or cause to be reduced the initial Outstanding Note Balance of such Regulation S Global Note and to increase or cause to be increased the initial Outstanding Note Balance of the applicable Rule 144A Global

Note by the initial principal amount of the beneficial interest in the Regulation S Global Note to be exchanged, and the Indenture Trustee, as Note Registrar, shall instruct the Securities Depository, concurrently with such reduction, to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the applicable Rule 144A Global Note equal to the reduction in the Outstanding Note Balance at maturity of such Regulation S Global Note and to debit or cause to be debited from the account of the person making such transfer the beneficial interest in the Regulation S Global Note that is being transferred.

(b) *Transfer and Exchange from Definitive Notes to Definitive Notes* . When Definitive Notes are presented by a Holder to the Note Registrar with a request:

- (i) to register the transfer of Definitive Notes in the form of other Definitive Notes; or
- (ii) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations,

the Note Registrar shall register the transfer or make the exchange as requested; *provided, however* , that the Definitive Notes presented or surrendered for register of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Note Registrar duly executed by such Holder or by his attorney, duly authorized in writing; and

(i) if such Definitive Note is being transferred to a QIB in accordance with Rule 144A or in an offshore transaction pursuant to Regulation S, a certification to that effect from such Holder (in the form attached as Exhibit B-3 hereto); or

(ii) if such Definitive Note is being transferred in reliance on any other exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in the form attached as Exhibit B-3 hereto) and an Opinion of Counsel from such Holder or the transferee reasonably acceptable to the Issuer and to the Indenture Trustee to the effect that such transfer is in compliance with the Securities Act.

(iii) If such Definitive Note is a Class B Note, a certification by the transferee in the form of Exhibit D hereto

(c) *Restrictions on Transfer and Exchange of Global Notes* . Notwithstanding any other provision of this Indenture, a Global Note may not be transferred except by the Securities Depository to a nominee of the Securities Depository or by a nominee of the Securities Depository to the Securities Depository or another nominee of the Securities Depository or by the Securities Depository or any such nominee to a successor Securities Depository or a nominee of such successor Securities Depository.

(d) *Initial Issuance of the Notes* . The Initial Purchasers shall not be required to deliver, and neither the Issuer nor the Indenture Trustee shall demand therefrom, any of the certifications or opinions described in this Section 2.08 in connection with the initial issuance of the Notes and the delivery thereof by the Issuer.

(c) *Tax Transfer Restrictions for the Class B Notes* . Notwithstanding anything to the contrary herein, no transfer of a beneficial interest in a Class B Note shall be effective, and any attempted transfer shall be void ab initio, unless, each transferee satisfies each of the items in clauses (i) through (ix) below. By its acceptance of an Ownership Interest in a Class B Note, each transferee shall be deemed to have represented and agreed as follows:

(i) Either (A) it is not and will not become, for U.S. federal income tax purposes, a partnership, Subchapter S corporation, or grantor trust (each such entity a "flow-through entity") or (B) if it is or becomes a flow-through entity, then (1) none of the direct or indirect beneficial owners of any of the interests in such flow-through entity has or ever will have 50% or more of the value of its interest in such flow-through entity attributable to the beneficial interest of such flow-through entity in the Class B Notes, other interest (direct or indirect) in the Issuer, or any interest created under this Indenture and (2) it is not and will not be a principal purpose of the arrangement involving the flow-through entity's beneficial interest in any Class B Note to permit any entity to satisfy the 100-partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity not to be classified as a publicly traded partnership for U.S. federal income tax purposes.

(ii) It will not (A) acquire, sell, transfer, assign, pledge or otherwise dispose of any of its interests in a Class B Note (or any interest therein that is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations) on or through (x) a U.S. national, regional or local securities exchange, (y) a foreign securities exchange or (z) an inter-dealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) ((x), (y) and (z), collectively, an "Exchange") or (B) cause any of its interests in the Class B Note to be marketed on or through an Exchange.

(iii) It will not cause any beneficial interest in a Class B Note to be traded or otherwise marketed on or through an "established securities market" or a "secondary market (or the substantial equivalent thereof)," each within the meaning of Section 7704(b) of the Code and the Treasury Regulations promulgated thereunder, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations.

(iv) Its beneficial interest in the Class B Note is not and will not be in an amount that is less than the minimum denomination for the Class B Notes set forth in this Indenture, and it does not and will not hold any beneficial interest in the Class B Note on behalf of any person whose beneficial interest in the Class B Note is in an amount that is less than the minimum denomination for the Class B Notes set forth in this Indenture. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the Class B Note or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Class B Note, in each case, if the effect of doing so would be that the beneficial interest of any person in a Class B Note would be in an amount that is less than the minimum denomination for the Class B Notes set forth in this Indenture.

(v) It will not enter into any financial instrument the payment on which, or the value of which, is determined in whole or in part by reference to an interest in the Class B Note (including the amount of payments on the Class B Note, the value of the Class B Note or any contract that otherwise is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations).

(vi) It will not use the Class B Note as collateral for the issuance of any securities that could cause the Issuer to become subject to taxation as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

(vii) It will not take any action that could reasonably be expected to cause, and will not omit to take any action, which omission could reasonably be expected to cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.

(viii) It acknowledges that the Sponsor, the Originator, the Indenture Trustee, the Note Registrar, the Issuer and others will rely on the truth and accuracy of the foregoing representations, warranties and covenants and agrees that if it becomes aware that any of the foregoing are no longer accurate, it shall notify the Issuer.

(ix) It will treat the Class B Note as indebtedness and indicate on all U.S. federal and state income tax and information returns and reports required to be filed with respect to the Class B Note, under any applicable U.S. federal or state tax statute, rule, or regulation, that the Class B Note is indebtedness.

The Indenture Trustee shall maintain a file of all such transferee certifications delivered to it and shall make such transferee certifications available to the Issuer upon request.

*Section 2.09. Mutilated, Destroyed, Lost or Stolen Notes*

(a) If (i) any mutilated Note is surrendered to the Indenture Trustee or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Indenture Trustee such security or indemnity as may be required by the Indenture Trustee to hold each of the Issuer and the Indenture Trustee harmless, then, in the absence of actual notice to the Issuer or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver upon an Issuer Order, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note or Notes of the same tenor and Class and principal balance bearing a number not contemporaneously outstanding; *provided, however*, that if any such mutilated, destroyed, lost or stolen Note shall have become subject to receipt of payment in full, instead of issuing a new Note, the Indenture Trustee may make a payment with respect to such Note without surrender thereof, except that any mutilated Note shall be surrendered. If, after the delivery of such new Note or payment with respect to a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser of the original Note in lieu of which such new Note was issued presents for receipt of payments such original Note, the Issuer and the Indenture Trustee shall be entitled to recover such new Note (or such payment) from the Person to whom it was delivered or any Person taking such new Note from such Person, except a protected purchaser, and each of the Issuer and the Indenture Trustee shall be entitled to recover upon the security or indemnity

provided therefor to the extent of any loss, damage or cost incurred by the Issuer or the Indenture Trustee in connection therewith.

(b) Upon the issuance of any new Note under this Section 2.09, the Issuer or the Indenture Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(c) Every new Note issued pursuant to this Section 2.09 in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not such destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(d) The provisions of this Section 2.09 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment with respect to mutilated, destroyed, lost or stolen Notes.

*Section 2.10. Persons Deemed Noteholders*

. Before due presentment for registration of transfer of any Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Note is registered as the owner of such Note (a) on the applicable Record Date for the purpose of receiving payments with respect to principal and interest on such Note and (b) on any date for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by any notice to the contrary.

*Section 2.11. Cancellation of Notes*

. All Definitive Notes surrendered for payment, registration of transfer, exchange, or prepayment shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 2.11 except as expressly permitted by this Indenture. All canceled Notes shall be held and disposed of by the Indenture Trustee in accordance with its standard retention and disposal policy.

*Section 2.12. Conditions to Closing*

. The Notes shall be executed, authenticated and delivered on the Closing Date in accordance with Section 2.05 and, upon receipt by the Indenture Trustee of the following:

- (a) an Issuer Order authorizing the authentication and delivery of such Notes by the Indenture Trustee;
- (b) the original Notes executed by the Issuer and true and correct copies of the fully executed Transaction Documents;

(c) Opinions of Counsel addressed to the Indenture Trustee, the Initial Purchasers, and the Rating Agency in form and substance satisfactory to the Indenture Trustee and the Rating Agency addressing corporate, security interest and bankruptcy matters;

(d) an Officer's Certificate of an Authorized Officer of the Issuer, stating that:

(i) all representations and warranties of the Issuer contained in the Transaction Documents are true and correct, and no defaults of the Issuer exist under the Transaction Documents; and

(ii) the issuance of the Notes will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, this Indenture or any other Transaction Document, the Issuer Operating Agreement or any other constituent documents of the Issuer or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it is bound, or any order of any court or administrative agency entered in any proceeding to which the Issuer is a party or by which it may be bound or to which it may be subject, and that all conditions precedent provided in this Indenture relating to the authentication and delivery of the Notes have been fully satisfied; and

(iii) the conditions precedent in this Indenture relating to the authentication and delivery of the Notes have been satisfied;

(e) an Officer's Certificate dated as of the Closing Date, of an Authorized Officer of each of Financing Holdings and the Depositor that:

(i) Financing Holdings or the Depositor, as applicable, is not in default under any of the Transaction Documents to which it is a party, and the transfer of the Holdings Conveyed Property by Financing Holdings, the Depositor Conveyed Property by the Depositor and the simultaneous Grant of the Trust Estate to the Indenture Trustee by the Issuer will not result in any breach of any of the terms, conditions or provisions of, or constitute a material default under, its organizational documents or any other constituent documents of it or any indenture, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound, or any order of any court or administrative agency entered in any proceeding to which it is a party or by which it may be bound or to which it may be subject;

(ii) all representations and warranties of it contained in each of the Transaction Documents to which it is a party are true and correct; and

(iii) the conditions precedent in this Indenture relating to the authentication and delivery of the Notes have been satisfied;

(f) a Secretary's Certificate dated as of the Closing Date of each of the Issuer, the Manager, Financing Holdings and the Depositor regarding certain organizational matters and the incumbency of the signatures of the Issuer, the Manager, Financing Holdings and the Depositor;

(g) [Reserved];

(h) [Reserved];

(i) presentment of all applicable UCC termination statements or partial releases (collectively, the “*Termination Statements*”) terminating the Liens of creditors of Financing Holdings, the Depositor or any other Person with respect to any part of the Trust Estate (except as expressly contemplated by the Transaction Documents) and the Financing Statements (which shall constitute all of the Perfection UCCs with respect to the Closing Date) to the proper Person for filing to perfect the Indenture Trustee’s first priority security interest in such Trust Estate Granted on the Closing Date registered in the name of the Indenture Trustee or its nominee and agent (a copy of the file stamped Financing Statements and Termination Statements shall be delivered by the Manager to the Indenture Trustee);

(j) evidence that the Indenture Trustee has established the Collection Account, the Liquidity Reserve Account, the Supplemental Reserve Account and the Tax Loss Insurance Proceeds Account;

(k) delivery by the Custodian to the Issuer and the Indenture Trustee of an executed Closing Date Certification;

(l) delivery by the Rating Agency to the Issuer and the Indenture Trustee of its rating letter assigning a rating to the Class A Notes and the Class B Notes of at least “A- (sf)” and “BB- (sf)”, respectively, by KBRA;

(m) all collections received in respect of the Conveyed Property since the Cut-Off Date are retained by the Managing Members or the Project Companies;

(n) the Issuer shall have deposited the Liquidity Reserve Account Required Balance into the Liquidity Reserve Account;

(o) the Issuer shall have deposited the Supplemental Reserve Account Initial Deposit into the Supplemental Reserve Account;

(p) the Issuer shall have caused to be deposited the Collection Account Closing Date Deposit into the Collection Account;

(q) the Issuer shall not be insolvent and will not become insolvent as a result of the Grant pursuant to this Indenture or the transactions contemplated by the Transaction Documents; and

(r) any other certificate, document or instrument reasonably requested by the Initial Purchasers or the Indenture Trustee.

*Section 2.13. Definitive Notes*

. The Notes will be issued as Definitive Notes, rather than to DTC or its nominee, only if (a) the Securities Depository notifies the Issuer and the Indenture Trustee that it is unwilling or unable to continue as Securities Depository with respect to any or all of the Notes or (b) at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in either case a successor Securities Depository is not appointed by the Issuer within 90 days after the Issuer receives notice or becomes aware of such condition, as the case may be. Upon the occurrence of any of the events described in the immediately preceding paragraph, the Issuer will issue the Notes of each Class in the form of Definitive Notes and thereafter the Indenture Trustee will recognize the holders of such Definitive Notes as Noteholders of each such Class under this Indenture. In connection with any proposed transfer outside the book entry system or exchange of beneficial interest in a Note for Notes in definitive registered form, the Issuer shall be required to provide or cause to be provided to the Indenture Trustee all information reasonably available to it that is not otherwise available to the Indenture Trustee and is reasonably requested by the Indenture Trustee and is otherwise necessary to allow the Indenture Trustee to comply with any applicable tax reporting obligations, including without limitation, any cost basis reporting obligations under Section 6045 of the Code. The Indenture Trustee may rely on any such information provided to it or available on the Note Register and shall have no responsibility to verify or ensure the accuracy of such information. The Indenture Trustee shall not have any responsibility or liability for any actions taken or not taken by DTC.

*Section 2.14. Access to List of Noteholders' Names and Addresses*

. The Indenture Trustee shall furnish or cause to be furnished to the Manager within 15 days after receipt by the Indenture Trustee of a request therefor from the Manager in writing, a list, in such form as the Manager may reasonably require, of the names and addresses of the Noteholders as of the most recent Record Date.

**ARTICLE III**

**COVENANTS; COLLATERAL; REPRESENTATIONS; WARRANTIES**

*Section 3.01. Performance of Obligations*

. (a) The Issuer will not take any action or permit any action to be taken by others which would release any Person from any of such Person's covenants or obligations in any Transaction Document or under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as permitted by, or expressly contemplated in, this Indenture, the Transaction Documents or such other instrument or agreement.

(b) To the extent consistent with the Issuer Operating Agreement, the Issuer may contract with other Persons to assist it in performing its duties hereunder, and any performance of such duties shall be deemed to be action taken by the Issuer. To the extent that the Issuer contracts with other Persons which include or may include the furnishing of reports, notices or correspondence to the Indenture Trustee, the Issuer shall identify such Persons in a written notice to the Indenture Trustee.

(c) The Issuer shall and shall require that Financing Holdings and the Depositor characterize (i) the transfer of the Holdings Conveyed Property by Financing Holdings to the Depositor pursuant to the Holdings Contribution Agreement as an absolute transfer for legal purposes, (ii) the transfer of the Depositor Conveyed Property by the Depositor to the Issuer pursuant to the Depositor Contribution Agreement as an absolute transfer for legal purposes, (iii) the Grant of the Trust Estate by the Issuer under this Indenture as a pledge for U.S. federal income tax purposes and for financial accounting purposes, and (iv) the Notes as indebtedness for financial accounting purposes. In this regard, the financial statements of Financing Holdings and the Depositor and its consolidated subsidiaries will show the Depositor Conveyed Property as owned by the consolidated group and the Notes as indebtedness of the consolidated group (and will contain appropriate footnotes describing the transfer to the Issuer and the pledge to the Indenture Trustee for the benefit of the Noteholders), and the U.S. federal income tax returns of Financing Holdings and the Depositor and its consolidated subsidiaries will indicate that the Notes are indebtedness unless otherwise required by applicable law as determined by a Final Determination. The Issuer will cause Financing Holdings and the Depositor to file all required tax returns and associated forms, reports, schedules and supplements thereto in a manner consistent with such characterizations unless otherwise required by applicable law as determined by a Final Determination.

(d) The Issuer covenants to pay all material taxes or other similar charges levied by any governmental authority with regard to the Trust Estate (which shall include paying any Affiliate of the Issuer who pays such taxes for any affiliated group of which the Issuer is a member), except to the extent that the validity or amount of such taxes is contested in good faith, via appropriate proceedings and with adequate reserves established and maintained therefor in accordance with GAAP.

(e) The Issuer hereby assumes liability for all liabilities associated with the Trust Estate or created under this Indenture, including but not limited to any obligation arising from the breach or inaccuracy of any representation, warranty or covenant of the Issuer set forth herein. Notwithstanding the foregoing, the Issuer has and shall have no liability with respect to the payment of principal and interest on the Notes, except as otherwise provided in this Indenture.

(f) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Transaction Documents and in the instruments and agreements included in the Trust Estate, including, but not limited to, preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the other Transaction Documents in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Transaction Document or any provision thereof without the consent of the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class); provided that, in addition, any amendment to any Transaction Document shall be permitted on the same basis that an amendment to this Indenture is permitted pursuant to Section 10.01 hereof.

(g) If an Event of Default or Manager Termination Event shall arise from the failure of the Manager to perform any of its duties or obligations under the Management Agreement, the Issuer shall take all reasonable steps available to it to remedy such failure.

(h) The Issuer shall not waive timely performance or observance by the Manager or the Depositor of their respective duties under the Transaction Documents if the effect thereof would adversely affect the Holders of the Notes.

(i) If any of the Notes are issued with OID, the Issuer will provide Noteholders with the issue price, amount of OID, issue date and the yield to maturity upon request.

*Section 3.02. Negative Covenants*

. In addition to the restrictions and prohibitions set forth in Sections 3.04, 3.09 and 3.10 and elsewhere herein, the Issuer will not:

(a) sell, transfer, exchange or otherwise dispose of any portion of its interest in the Trust Estate except as expressly permitted by or expressly contemplated in this Indenture or the other Transaction Documents;

(b) permit the validity or effectiveness of this Indenture or any Grant hereunder to be impaired, or permit the Lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture, except as may be expressly permitted by or expressly contemplated in this Indenture or the other Transaction Documents;

(c) permit the Lien of this Indenture not to constitute a valid first priority, perfected security interest in the Trust Estate, subject to Permitted Liens;

(d) take any action or fail to take any action which may cause the Issuer to become classified as an association (or publicly traded partnership) that is taxable as a corporation for U.S. federal income tax purposes;

(e) act in violation of its organizational documents; or

(f) create, incur or suffer, or permit to be created or incurred or to exist, any Lien on any portion of the Trust Estate, except for the Lien created by this Indenture and Permitted Liens.

*Section 3.03. Money for Note Payments*

. (a) All payments with respect to any Notes which are to be made from amounts withdrawn from the Collection Account pursuant to Section 5.05 shall be punctually made on behalf of the Issuer by the Indenture Trustee, and no amounts so withdrawn from an Account for payments with respect to Notes shall be paid over to the Issuer under any circumstances except as provided in this Section 3.03 and Article V.

(b) When there shall be an Indenture Trustee that is not also the Note Registrar, the Issuer shall furnish, or cause the Note Registrar to furnish, with respect to Global Notes, on each Record Date, and with respect to Definitive Notes, no later than the fifth calendar day after each Record Date, a list, in such form as such Indenture Trustee may reasonably require, of the names and addresses of the Noteholders and of the number of individual Notes and the Outstanding Note Balance and Class of such Notes held by each such Noteholder.

(c) Any money held by the Indenture Trustee in trust for the payment of any amount distributable but unclaimed with respect to any Note shall be held in a non-interest bearing trust account, and if the same remains unclaimed for two years after such amount has become due to such Noteholder, such money shall be discharged from such trust and paid to the Issuer upon an Issuer Order without any further action by any Person; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee with respect to such trust money shall thereupon cease. The Indenture Trustee may adopt and employ, at the expense of the Issuer, any reasonable means of notification of such payment (including, but not limited to, mailing notice of such payment to Noteholders whose Notes have been called but have not been surrendered for prepayment or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee, at the last address of record for each such Noteholder).

*Section 3.04. Restriction of Issuer Activities*

. Until the date that is 365 days after the payment by the Issuer in full of all payments on the Notes, the Issuer will not on or after the date of execution of this Indenture: (i) engage in any business or investment activities other than those necessary for, incident to, connected with or arising out of, owning and Granting the Trust Estate to the Indenture Trustee for the benefit of the Noteholders, or contemplated hereby, in the Transaction Documents and the Issuer Operating Agreement; (ii) incur any indebtedness secured in any manner by, or that has any claim against, the Trust Estate or the Issuer other than indebtedness arising hereunder and in connection with the Transaction Documents and as otherwise expressly permitted in a Transaction Document; (iii) incur any other indebtedness except as permitted in the Issuer Operating Agreement; (iv) amend, or propose to the member of the Depositor for its consent any amendment of, the Issuer Operating Agreement (or, if the Issuer shall be a successor to the Person named as the Issuer in the first paragraph of this Indenture, amend, consent to amendment or propose any amendment of, the governing instruments of such successor), without giving notice thereof in writing, 30 days prior to the date on which such amendment is to become effective, to the Rating Agency; (v) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate; or (vi) dissolve or liquidate in whole or in part or merge or consolidate with any other Person, other than in compliance with Section 3.10 if any Notes are Outstanding.

*Section 3.05. Protection of Trust Estate*

. (a) The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Indenture Trustee for the benefit of the Noteholders to be prior to all other Liens in respect of the Trust Estate, subject to Permitted Liens, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Indenture Trustee and the Noteholders, a first Lien on and a first priority, perfected security interest in the Trust Estate, subject to Permitted Liens. The Issuer authorizes and shall cause to be filed a financing statement that names the Issuer as debtor and the Indenture Trustee as secured party to ensure the perfection of the interest of the Indenture Trustee in the Trust Estate (including describing the Trust Estate as “all assets of the Debtor whether now existing or hereafter acquired (other than Excluded Property)”). Subject to Section 3.05(f), the Issuer will from time to time prepare, execute (or authorize the filing of) and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments

of further assurance, and other instruments (all as presented to it in final execution form), and will take such other action as may be necessary or advisable to:

- (i) provide further assurance with respect to such Grant and/or Grant more effectively all or any portion of the Trust Estate;
- (ii) maintain, preserve or enforce (A) the Lien and security interest (and the priority thereof) in favor of the Indenture Trustee created by this Indenture and (B) the terms and provisions of this Indenture or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of, or protect the validity of, any Grant made or to be made by this Indenture;
- (iv) enforce any of the Trust Estate; or
- (v) preserve and defend title to any item comprising the Conveyed Property or other item included in the Trust Estate and the rights of the Indenture Trustee and of the Noteholders in such Conveyed Property or other item against the claims of all Persons.

The Issuer shall deliver or cause to be delivered to the Indenture Trustee file stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer shall cooperate fully with the Indenture Trustee in connection with the obligations set forth above and will execute (or authorize the filing of) any and all documents reasonably required to fulfill the intent of this Section 3.05.

(b) The Issuer hereby irrevocably appoints the Indenture Trustee as its agent and attorney-in-fact (such appointment being coupled with an interest) to execute, or authorize the filing of, upon the Issuer's failure to do so, any financing statement or continuation statement required pursuant to this Section 3.05; *provided, however*, that such designation shall not be deemed to create any duty in the Indenture Trustee to monitor the compliance of the Issuer with the foregoing covenants; and *provided further*, that the Indenture Trustee shall only be obligated to execute or authorize such financing statement or continuation statement upon written direction of the Manager and upon written notice to a Responsible Officer of the Indenture Trustee of the failure of the Issuer to comply with the provisions of Section 3.05(a); shall not be required to pay any fees, Taxes or other governmental charges in connection therewith; and shall not be required to prepare any financing statement or continuation statement required pursuant to this Section 3.05 (which shall in each case be prepared by the Issuer or the Manager). The Issuer shall cooperate with the Manager and provide to the Manager any information, documents or instruments with respect to such financing statement or continuation statement that the Manager may reasonably require. Neither the Indenture Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Transaction Documents or any financing statement or continuation statement for the creation, perfection, continuation, priority, sufficiency or protection of any of the liens, or for any defect or deficiency as to any such matters, for monitoring the status of any lien or

performance of the collateral or for the accuracy or sufficiency of any financing statement or continuation statement prepared for its execution or authorization hereunder .

(c) Except as necessary or advisable in connection with the fulfillment by the Indenture Trustee of its duties and obligations described herein or in any Transaction Document, the Indenture Trustee shall not remove any portion of the Trust Estate that consists of money or is evidenced by an instrument, certificate or other writing from the jurisdiction in which it was held as described in the most recent Opinion of Counsel that was delivered pursuant to Section 3.06 (or from the jurisdiction in which it was held as described in the Opinion of Counsel delivered at the Closing Date pursuant to Section 2.12(c)), if no Opinion of Counsel has yet been delivered pursuant to Section 3.06.) unless the Indenture Trustee shall have first received an Opinion of Counsel to the effect that the Lien created by this Indenture with respect to such property will continue to be maintained after giving effect to such action or actions.

(d) No later than 60 days prior to any of Financing Holdings, the Depositor or the Issuer making any change in its or their name, identity, jurisdiction of organization or structure which would make any financing statement or continuation statement filed in accordance with paragraph (a) above seriously misleading within the meaning of Section 9-506 of the UCC as in effect in New York or wherever else necessary or appropriate under applicable law, or otherwise impair the perfection of the security interest in the Trust Estate, the Issuer shall give or cause to be given to the Indenture Trustee written notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Indenture Trustee's security interest in the Trust Estate. Neither the Depositor nor the Issuer shall become or seek to become organized under the laws of more than one jurisdiction.

(e) The Issuer shall give the Indenture Trustee written notice at least 60 days prior to any relocation of Financing Holdings', the Depositor's or the Issuer's respective principal executive office or jurisdiction of organization and whether, as a result of such relocation, the applicable provisions of relevant law or the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall file such financing statements or amendments as may be necessary to continue the perfection of the Indenture Trustee's security interest in the Trust Estate. The Issuer shall at all times maintain its principal executive office and jurisdiction of organization within the United States of America.

*Section 3.06. Opinions and Officer's Certificates as to Trust Estate*

. On the Closing Date and, if requested by the Indenture Trustee, on the date of each supplemental indenture hereto, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, and indentures supplemental hereto and other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements, as are necessary to perfect and make effective the Lien and security interest in the Trust Estate in favor of the Indenture Trustee for the benefit of the Noteholders, created by this Indenture, subject to Permitted Liens, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such Lien and security interest effective.

On or before the thirtieth day prior to the fifth anniversary of the Closing Date and every five years thereafter until the Rated Final Maturity, the Issuer (or the Manager on behalf of the Issuer) shall furnish to the Indenture Trustee an Officer's Certificate either stating that all actions have been taken with respect to the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements as is necessary to maintain the Lien created by this Indenture with respect to the Trust Estate and reciting the details of such actions or stating that no actions are necessary to maintain such Lien and security interest. The Issuer (or the Manager on behalf of the Issuer) shall also provide the Indenture Trustee with a file stamped copy of any document or instrument filed as described in such Officer's Certificate contemporaneously with the delivery of such Officer's Certificate. Such Officer's Certificate shall also describe the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and the authorization and filing of any financing statements and continuation statements that will be required to maintain the Lien of this Indenture with respect to the Trust Estate. If the Officer's Certificate delivered to the Indenture Trustee hereunder specifies future action to be taken by the Issuer, the Issuer (or the Manager on behalf of the Issuer) shall furnish a further Officer's Certificate no later than the time so specified in such former Officer's Certificate to the effect required hereby.

*Section 3.07. Statement as to Compliance*

The Issuer will deliver to the Indenture Trustee and the Rating Agency, within 150 days after the end of each fiscal year (beginning with fiscal year 2019), an Officer's Certificate of the Issuer stating, as to the signer thereof, that, (a) a review of the activities of the Issuer during the preceding calendar year and of its performance under this Indenture has been made under such officer's supervision, (b) to the best of such officer's knowledge, based on such review, the Issuer has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation that is continuing, specifying each such default known to such officer and the nature and status thereof and remedies therefor being pursued, and (c) to the best of such officer's knowledge, based on such review, no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default hereunder or, if such an event has occurred and is continuing, specifying each such event known to him or her and the nature and status thereof and remedies therefor being pursued.

*Section 3.08. Recording*

The Issuer will, upon the Closing Date and thereafter from time to time, prepare and cause financing statements and such other instruments as may be required with respect thereto, including without limitation, the Financing Statements to be filed, registered and recorded as may be required by present or future law (with file stamped copies thereof delivered to the Indenture Trustee) to create, perfect and protect the Lien hereof upon the Conveyed Property and the other items of the Trust Estate, and protect the validity of this Indenture. The Issuer shall, from time to time, perform or cause to be performed any other act as required by law and shall execute (or authorize, as applicable) or cause to be executed (or authorized, as applicable) any and all further instruments (including financing statements, continuation statements and similar statements with respect to any of said documents with file stamped copies thereof delivered to the Indenture Trustee) that are necessary or reasonably requested by the Indenture Trustee for such creation, perfection and protection. The Issuer shall pay, or shall cause to be paid, all filing, registration and recording taxes and fees incident thereto,

and all expenses, taxes and other governmental charges incident to or in connection with the preparation, execution, authorization, delivery or acknowledgment of the recordable documents, any instruments of further assurance, and the Notes.

*Section 3.09. Agreements Not to Institute Bankruptcy Proceedings*

The Issuer shall only voluntarily institute any proceedings to adjudicate the Issuer as bankrupt or insolvent, consent to the institution of bankruptcy or insolvency proceedings against the Issuer, file a petition seeking or consenting to reorganization or relief under any applicable federal or State law relating to bankruptcy, consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer or a substantial part of its property or admit its inability to pay its debts generally as they become due or authorize any of the foregoing to be done or taken on behalf of the Issuer, in accordance with the terms of the Issuer Operating Agreement.

*Section 3.10. Additional Covenants ; Covenants with Respect to the Managing Members and Project Companies.*

(a) So long as any of the Notes are Outstanding:

(i) The Issuer will keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes and each asset included in the Trust Estate and to perform its obligations under any of the Transaction Documents to which it is a party.

(ii) The Issuer shall not consolidate or merge with or into any other entity or convey or transfer its properties and assets substantially as an entirety to any entity unless (A) the entity (if other than the Issuer) formed or surviving such consolidation or merger, or that acquires by conveyance or transfer the properties and assets of the Issuer substantially as an entirety, shall be organized and existing under the laws of the United States of America or any State thereof as a special purpose bankruptcy remote entity, and shall expressly assume the obligation to make due and punctual payments of principal and interest on the Notes then Outstanding and the performance of every covenant on the part of the Issuer to be performed or observed pursuant to the Indenture, (B) immediately after giving effect to such transaction, no Default or Event of Default under this Indenture shall have occurred and be continuing, (C) such consolidation, merger, conveyance or transfer would not violate any applicable Designated Transfer Restrictions, (D) the Issuer shall have delivered to the Rating Agency and the Indenture Trustee an Officer's Certificate of the Issuer and an Opinion of Counsel, each stating that such consolidation, merger, conveyance or transfer complies with this Indenture and (E) the Issuer shall have given prior written notice of such consolidation or merger to the Rating Agency.

(iii) The funds and other assets of the Issuer shall not be commingled with those of any other Person except to the extent expressly permitted under the Transaction Documents.

(iv) The Issuer shall not be, become or hold itself out as being liable for the debts of any other Person.

(v) The Issuer shall not form, or cause to be formed, any subsidiaries.

(vi) The Issuer shall act solely in its own name and through its Authorized Officers or duly authorized officers or agents in the conduct of its business, and shall conduct its business so as not to mislead others as to the identity of the entity with which they are concerned. The Issuer shall not have any employees other than the Authorized Officers of the Issuer.

(vii) The Issuer shall maintain its records and books of account and shall not commingle its records and books of account with the records and books of account of any other Person. The books of the Issuer may be kept (subject to any provision contained in the applicable statutes) inside or outside the State of Delaware at such place or places as may be designated from time to time by the Issuer Operating Agreement.

(viii) All actions of the Issuer shall be taken by an Authorized Officer of the Issuer (or any Person acting on behalf of the Issuer).

(ix) The Issuer shall not amend its certificate of formation (except as required under Delaware law) or the Issuer Operating Agreement, without first giving prior written notice of such amendment to the Rating Agency (a copy of which shall be provided to the Indenture Trustee).

(x) The Issuer shall not waive, repeal, amend, vary, supplement or otherwise modify any provision of the Issuer Operating Agreement that requires the unanimous written consent of the Issuer's members without the prior written consent of all members and shall comply with and cause compliance with the provisions of its certificate of formation and Issuer Operating Agreement.

(xi) The Issuer will maintain the formalities of the form of its organization.

(xii) The annual financial statements of the Issuer, Financing Holdings, the Depositor and their Affiliates will disclose the effects of the transactions contemplated by the Transaction Documents in accordance with GAAP. Any consolidated financial statements which consolidate the assets and earnings of Financing Holdings, the Depositor and their Affiliates with those of the Issuer will contain a footnote stating that the assets of the Issuer will not be available to creditors of Financing Holdings, the Depositor, their Affiliates or any other Person. The financial statements of the Issuer, if any, will disclose that the assets of Financing Holdings, the Depositor and their affiliates are not available to pay creditors of the Issuer.

(xiii) Other than certain costs and expenses related to the issuance of the Notes, Financing Holdings shall not pay the Issuer's expenses, guarantee the Issuer's obligations or advance funds to the Issuer for payment of expenses except for costs and expenses for which Financing Holdings is required to make payments, in which case the Issuer will reimburse such Person for such payment.

(xiv) All business correspondences of the Issuer shall be conducted in the Issuer's own name.

(xv) Other than as contemplated by the Transaction Documents, Financing Holdings does not act and will not act as agent of the Issuer and the Issuer does not and will not act as agent of Financing Holdings.

(xvi) The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

(xvii) The Issuer shall comply with the requirements of all applicable laws, the non-compliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Notes, this Indenture or any other Transaction Document.

(xviii) The Issuer shall not, directly or indirectly, (A) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer or to the Manager or the Transition Manager, (B) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (C) set aside or otherwise segregate any amounts for any such purpose; *provided, however*, that the Issuer may make, or cause to be made, distributions to the Manager, the Transition Manager, its beneficial owners and the Indenture Trustee as permitted by, and to the extent funds are available for such purpose under, this Indenture and the other Transaction Documents. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account or any other Account except in accordance with this Indenture and the other Transaction Documents.

(xix) The Issuer shall determine whether or not to exercise its Purchase Option with respect to each Project Company in accordance with the Purchase Standard. The Issuer will make such determination, and if it determines to do so, will exercise such Purchase Option, within the applicable Purchase Option Period in accordance with the terms and conditions of the applicable Project Company LLCA. Such determination will take into account whether sufficient funds are available in the Supplemental Reserve Account to pay the related Purchase Option Price, and if such funds are not then available in the Supplemental Reserve Account, the Issuer will make a determination, in accordance with the Purchase Standard, whether to exercise such Purchase Option as soon thereafter as such funds are available in the Supplemental Reserve Account. Upon the Issuer's exercise and completion of a Purchase Option with respect to the membership interest of the related Tax Equity Investor Member, the Issuer shall (i) instruct the related Project Company to pay all distributions to be made by such Project Company to the Issuer in respect of such membership interest directly to the Collection Account and deliver to the Indenture Trustee the original certificate of such membership interest together with instruments of transfer executed in blank, (ii) cause the related Managing Member to execute and deliver to the Indenture Trustee a Managing Member Pledge Agreement and deliver to the Indenture Trustee the original certificate of such

membership interest together with instruments of transfer executed in blank and (iii) cause the related Managing Member to amend the applicable Project Company LLCA to require such Project Company to have at all times an Independent Manager, the consent of which is required for actions typically requiring the consent of an independent member or independent director.

(b) So long as any of the Notes remain Outstanding, the Issuer agrees, as the managing member of each Managing Member, that it will:

(i) cause such Managing Member (A) to cause the related Project Company to make all Managing Member Distributions with respect to such Managing Member directly to the Collection Account and (B) to deliver to the Indenture Trustee for deposit into the Collection Account any Managing Member Distributions received by such Managing Member;

(ii) cause such Managing Member to comply with the provisions of its Managing Member LLCA and not to take any action that would cause such Managing Member to violate the provisions of its Managing Member LLCA;

(iii) cause such Managing Member to maintain all material licenses and permits required to carry on its business as now conducted and in accordance with the provisions of the Transaction Documents, except to the extent the failure to do so could not reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(iv) not permit or consent to the admission of any new member of such Managing Member other than a successor independent member in accordance with the provisions of its Managing Member LLCA;

(v) not make any material amendment to the limited liability company agreement of such Managing Member that could reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(vi) cause such Managing Member to, and cause the related Project Company to (A) comply with the provisions of its Project Company LLCA and (B) not take any action that would violate the provisions of such Project Company LLCA;

(vii) cause such Managing Member (A) to comply with and enforce the provisions of the related Tax Loss Insurance Policy, if any, and (B) not to consent to any amendment to the related Tax Loss Insurance Policy, if any, to the extent that such amendment could reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(viii) so long as such Managing Member is the managing member of a Project Company, cause such Project Company to comply with and enforce the provisions of the related Tax Loss Insurance Policy, if any;

(ix) so long as such Managing Member is the managing member of a Project Company, cause such Project Company to maintain all material licenses and permits required to carry on its business as now conducted and in accordance with the provisions of the Project Company Documents, except to the extent the failure to do so could not reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(x) not permit such Managing Member to consent to the admission of any new member of the related Project Company other than pursuant to the exercise of the related Purchase Option by such Managing Member;

(xi) cause such Managing Member to not consent to or approve any material amendment to the related Project Company LLCA or other Project Company Document that could reasonably be expected to have a material adverse effect on the interests of the Noteholders except to the extent that any such consent is expressly required pursuant to the terms of the applicable Project Company LLCA; *provided, however*, that such Managing Member may enter into the BBA Amendments without consent of the Noteholders, the Indenture Trustee or any other Person..

*Section 3.11. Providing of Notice .*

(a) The Issuer, upon learning of any failure on the part of a Vivint Solar Party to observe or perform in any material respect any covenant, representation or warranty set forth in the any Transaction Document to which it is a party, as applicable, which would reasonably be expected to have a material adverse effect on the Issuer, the Trust Estate, the Noteholders or the Notes or upon learning of any Event of Default, Manager Termination Event, proposed material amendment of any Project Company Document or resignation or removal of an Administrative Services Provider or Maintenance Services Provider, shall promptly notify, in writing, the Indenture Trustee, the Noteholders and the Depositor of such failure or Event of Default, Manager Termination Event, proposed material amendment of any Project Company Document or resignation or removal of an Administrative Services Provider or Maintenance Services Provider.

(b) The Indenture Trustee, upon receipt of written notice by a Responsible Officer thereof of the Performance Guarantor's failure to perform any covenant or obligation of the Performance Guarantor set forth in the Performance Guaranty, shall promptly notify, in the writing the Performance Guarantor of such failure.

(c) As soon as possible, and in any event within five (5) Business Days, after the Issuer or any of its ERISA Affiliates knows or has reason to know that an ERISA Event has occurred, the Issuer deliver to the Indenture Trustee a certificate of a Responsible Officer of the Issuer setting forth the details of such ERISA Event, the action that the Issuer or the ERISA Affiliate proposes to take with respect thereto, and, when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or the Pension Benefit Guaranty Corporation.

(d) To the extent any such notice has not been separately provided by a party to the Transaction Documents directly to the Indenture Trustee, the Issuer shall promptly, and in any event within five (5) Business Days, after receipt thereof by the Issuer, deliver to the Indenture Trustee copies of all material notices, requests, and other documents (excluding regular periodic reports) delivered or received by the Issuer under or in connection with the Transaction Documents.

(e) To the extent any such notice has not been separately provided by a party to the Transaction Documents directly to the Indenture Trustee, the Issuer shall promptly, and in any event within five (5) Business Days, after receipt thereof by any the Issuer, deliver to the Indenture Trustee copies of all notices and other documents delivered or received by such Issuer with respect to any material Liens on the Trust Estate (either individually or in the aggregate) other than Permitted Liens.

*Section 3.12. Representations and Warranties of the Issuer*

. The Issuer hereby represents and warrants to the Indenture Trustee and the Noteholders that as of the Closing Date:

(a) The Issuer is duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware with full power and authority to execute and deliver this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party and to perform the terms and provisions hereof and thereof; the Issuer is duly qualified to do business as a foreign business entity in good standing, and has obtained all required licenses and approvals, if any, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications except those jurisdictions in which failure to be so qualified would not have a material adverse effect on the business or operations of the Issuer, the Trust Estate, the Noteholders or the Conveyed Property.

(b) All necessary action has been taken by the Issuer to authorize the Issuer, and the Issuer has full power and authority, to execute, deliver and perform its obligations under this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party, and no consent or approval of any Person is required for the execution, delivery or performance by the Issuer of this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party.

(c) This Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party have been duly executed and delivered, and the execution and delivery of this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party by the Issuer and its performance and compliance with the terms hereof and thereof will not violate its certificate of formation or the Issuer Operating Agreement or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach of, any material contract or any other material agreement or instrument (including, without limitation, the Transaction Documents) to which the Issuer is a party or which may be applicable to the Issuer or any of its assets.

(d) This Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party constitute valid, legal and binding obligations of the Issuer, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(e) The Issuer is not in violation of, and the execution, delivery and performance of this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party by the Issuer will not constitute a violation with respect to, any order or decree of any court or any order, regulation or demand of any federal, State, municipal or governmental agency, which violation might have consequences that would materially and adversely affect the condition (financial or other) or operations of the Issuer or its properties or might have consequences that would materially affect the performance of its duties hereunder or thereunder.

(f) No proceeding of any kind, including but not limited to litigation, arbitration, judicial or administrative, is pending or, to the Issuer's knowledge, threatened against or contemplated by the Issuer which could reasonably be expected to have a material adverse effect on the execution, delivery, performance or enforceability of this Indenture, the Notes or any other Transaction Document.

(g) None of the assets of the Issuer are or will be subject to Title I of ERISA, Section 4975 of the Code, or, by reason of any investment in the Issuer by any governmental plan, as the case may be, any other federal, state, or local provision similar to Section 406 of ERISA or Section 4975 of the Code. Neither the Issuer nor any of its ERISA Affiliates has maintained, participated or had any liability in respect of any Plan during the past six (6) years which could reasonably be expected to subject the Issuer or any of its ERISA Affiliates to any tax, penalty or other liabilities. With respect to any Plan which is a Multi-Employer Plan, no such Multi-Employer Plan shall be in "insolvent," as defined in Title IV ERISA, in each case, if the insolvent status continues unremedied for thirty (30) days. No ERISA Event has occurred or is reasonably likely to occur.

(h) Each of the representations and warranties of the Issuer set forth in the Management Agreement, the Depositor Contribution Agreement, the Issuer Operating Agreement and each other Transaction Document to which it is a party is, as of the Closing Date, true and correct in all material respects.

(i) There are no ongoing breaches or defaults under the Transaction Documents or any of the Project Company Documents by the Issuer or any of its affiliates or, to its Knowledge, any of the other parties to the Transaction Documents or Project Company Documents.

(j) The Issuer has not incurred debt or engaged in activities not related to the transactions contemplated hereunder except as permitted by the Issuer Operating Agreement or Section 3.04.

(k) The Issuer is not insolvent and will not become insolvent as a result of the Grant pursuant to this Indenture; the Issuer is not engaged and is not about to engage in any business or transaction for which any property remaining with the Issuer is unreasonably small capital or for which the remaining assets of the Issuer are unreasonably small in relation to the business of the Issuer or the transaction; the Issuer does not intend to incur, and does not believe or reasonably should not have believed that it would incur, debts beyond its ability to pay as they become due; and the Issuer has not made a transfer or incurred an obligation and does not intend to make such a transfer or incur such an obligation with actual intent to hinder, delay or defraud any entity to which the Issuer was or became, on or after the date that such transfer was made or such obligation was incurred, indebted.

(l) The proceeds from the issuance of the Notes will be used by the Issuer to (i) pay the Depositor the purchase price for the Depositor Conveyed Property pursuant to the Depositor Contribution Agreement, (ii) pay certain expenses incurred in connection with the issuance of the Notes including payment of the one-time premiums for the Tax Loss Insurance Policies and (iii) make the required deposits into the Liquidity Reserve Account, the Supplemental Reserve Account and the Collection Account. The Depositor will distribute the portion of the proceeds from the sale of the Notes received from the Issuer under clause (i) above to Financing Holdings, which will use such proceeds to simultaneously prepay prior financing arrangements of its subsidiaries and to obtain releases of all assets securing such financing arrangements that will form part of the Trust Estate.

(m) The transfer of the Holdings Conveyed Property by Financing Holdings to the Depositor pursuant to the Holdings Contribution Agreement is an absolute transfer for legal purposes, (ii) the transfer of the Depositor Conveyed Property by the Depositor to the Issuer pursuant to the Depositor Contribution Agreement is an absolute transfer for legal purposes, (iii) the Grant of the Trust Estate by the Issuer pursuant to the terms of this Indenture is a pledge for financial accounting purposes and U.S. federal income tax purposes, and (iv) the Notes will be treated by the Issuer as indebtedness for U.S. federal income tax purposes unless otherwise required by applicable law as determined by a Final Determination. In this regard, (i) the financial statements of Financing Holdings and the Depositor and their consolidated subsidiaries will show (A) that the Depositor Conveyed Property is owned by such consolidated group and (B) that the Notes are indebtedness of the consolidated group (and will contain footnotes describing the transfer to the Issuer and the pledge to the Indenture Trustee for the benefit of the Noteholders), and (ii) the U.S. federal income tax returns of Financing Holdings and the Depositor and their consolidated subsidiaries will indicate that the Notes are indebtedness unless otherwise required by applicable law as determined by a Final Determination.

(n) The Issuer has timely filed all federal, state, provincial, territorial, foreign and other Tax returns and reports required to be filed under applicable law, and has timely paid all material federal, state, foreign and other Taxes levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate actions diligently conducted and for which adequate reserves have been provided in accordance with GAAP. No Lien or similar adverse claim has been filed, and no claim is being asserted, with respect to any such Tax due from the Issuer or with respect to the Depositor Conveyed Property or the assignments thereto. Any Taxes due and payable by the Issuer or its predecessors in interest in connection with the execution and delivery of this Agreement and the

other Transaction Documents and the transfers and transactions contemplated hereby or thereby have been paid or shall have been paid if and when due. The Issuer is not liable for Taxes payable by any other Person.

(o) As of the Cut-Off Date, the Aggregate Discounted Solar Asset Balance is approximately \$624,672,603 and the Securitization Share of Aggregate Discounted Solar Asset Balance is \$547,776,174.

(p) The legal name of the Issuer is as set forth in the introductory paragraph to this Indenture; the Issuer has no trade names, fictitious names, assumed names or “doing business as” names.

(q) The Issuer has not taken any action or failed to take any action that could cause it to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

(r) No item comprising the Conveyed Property has been sold, transferred, assigned or pledged by the Issuer to any Person other than the Indenture Trustee; immediately prior to the pledge of the Conveyed Property to the Indenture Trustee pursuant to this Indenture, the Issuer was the sole owner thereof and had good and indefeasible title thereto, free of any Lien other than Permitted Liens.

(s) Upon (i) the filing of the Perfection UCCs in accordance with applicable law and (ii) the delivery to the Indenture Trustee of the certificates evidencing the limited liability company interests in the Managing Member, together with instruments of transfer, the Indenture Trustee, for the benefit of the Noteholders, shall have a first priority perfected security interest in the Conveyed Property and in the proceeds thereof, limited with respect to proceeds to the extent set forth in Section 9-315 of the UCC as in effect in the applicable jurisdiction, subject to Permitted Liens. All filings (including, without limitation, UCC filings) and other actions as are necessary in any jurisdiction to provide third parties with notice of and to perfect the transfer and assignment of the Trust Estate to the Issuer and to give the Indenture Trustee a first perfected security interest in the Trust Estate (subject to Permitted Liens) and the payment of any fees, have been made or, with respect to Termination Statements, will be made within one Business Day of the Closing Date.

(t) None of the absolute transfer of the Holdings Conveyed Property by Financing Holdings to the Depositor pursuant Holdings Contribution Agreement, the absolute transfer of the Depositor Conveyed Property by the Depositor to the Issuer pursuant to the Depositor Contribution Agreement, or the Grant by the Issuer to the Indenture Trustee pursuant to this Indenture is subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(u) The Issuer is not and, after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Offering Circular, will not be required to register as an “investment company” as such term is defined in the 1940 Act. In making this determination, the Issuer is relying primarily on an exclusion from the definition of “investment company” or an exemption from registration under the 1940 Act, as contained in Section 3(a)(1) of the 1940 Act, although additional exclusions or exemptions may be available to the Issuer on

the Closing Date or in the future. The Issuer is being structured so as not to constitute a “covered fund” for purposes of Section 619 of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, based on its current interpretations.

(v) The principal place of business and the chief executive office of the Issuer are located in the State of Utah and the jurisdiction of organization of the Issuer is the State of Delaware, and there are no other such locations.

(w) None of the Vivint Solar Parties, nor any of their respective officers, directors or employees appears on the Specially Designated Nationals and Blocked Persons List published by the Office of Foreign Assets Control (“OFAC”) or is otherwise a person with which any U.S. person is prohibited from dealing under the laws of the United States, unless authorized by OFAC. None of the Vivint Solar Parties, conducts business or completes transactions with the governments of any country subject to comprehensive economic sanctions, or persons subject to specific economic sanctions administered and enforced by OFAC. None of the Vivint Solar Parties will directly or indirectly use the proceeds from this Agreement, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person to fund any activities of or business with any person that, at the time of such funding, is subject to comprehensive or specific economic sanctions administered or enforced by OFAC, or is in any country or territory that, at the time of such funding or facilitation, is subject to comprehensive or specific economic sanctions administered or enforced by OFAC. None of the Vivint Solar Parties is in violation of Executive Order No. 13224 or the Patriot Act.

(x) None of the Vivint Solar Parties, nor any of their respective directors, officers or employees, nor to the knowledge of the Vivint Solar Parties, any of their agents, shall use any of the proceeds of the sale of the Notes (i) for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) to make any direct or indirect unlawful payment to any government official or employee from corporate funds, (iii) to violate any provision of the U.S. Foreign Corrupt Practices Act of 1977 or similar anti-corruption law to which they are lawfully subject, or (iv) to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(y) Representations and warranties regarding the security interest and Custodian Files, in each case, made as of the Closing Date:

(i) The Grant contained in the “Granting Clause” of this Indenture creates a valid and continuing security interest (as defined in the applicable UCC) in the Conveyed Property in favor of the Indenture Trustee, which security interest is prior to all other Liens arising under the UCC (other than Permitted Liens), and is enforceable as such against creditors of the Issuer, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors’ rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(ii) The Issuer has taken all steps necessary to perfect its ownership interest in 100% of the Managing Member Membership Interests.

(iii) The limited liability company interest in each Managing Member constitutes “investment property” within the meaning of the UCC.

(iv) The Issuer owns and has good and marketable title to the Conveyed Property free and clear of any Lien, claim or encumbrance of any Person, other than Permitted Liens.

(v) The Issuer has caused or will have caused, within ten days of the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Conveyed Property granted to the Indenture Trustee hereunder.

(vi) The Issuer has received a Certification from the Custodian that the Custodian is holding the Custodian Files that evidence the Solar Assets on behalf the Indenture Trustee for the benefit of the Noteholders.

(vii) Other than the security interest granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any portion of the Trust Estate, except for Hedged SRECs sold to Hedged SREC Affiliates. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of collateral covering any portion of the Trust Estate other than any financing statement relating to the security interest granted to the Indenture Trustee hereunder or that have been terminated. The Issuer is not aware of any judgment or tax lien filings against the Issuer.

(viii) The Issuer has taken all action required on its part for control (as defined in Section 8-106 of the UCC) to have been obtained by the Indenture Trustee on behalf of the Noteholders over the limited liability company interests in each Managing Member with respect to which such control may be obtained pursuant to the UCC. No person other than the Indenture Trustee on behalf of the Noteholders has control or possession of all or any part of the limited liability company interests in the Managing Members. Without limiting the foregoing, all certificates evidencing the limited liability company interests in the Managing Members in existence on the date hereof have been delivered to the Indenture Trustee on behalf of the Noteholders.

The foregoing representations and warranties in Section 3.12(z)(i)-(viii) shall remain in full force and effect and shall not be waived or amended until the Notes are paid in full or otherwise released or discharged.

*Section 3.13. Representations and Warranties of the Indenture Trustee*

The Indenture Trustee hereby represents and warrants to the Rating Agency and the Noteholders that as of the Closing Date:

(a) The Indenture Trustee has been duly organized and is validly existing as a national banking association;

(b) The Indenture Trustee has full power and authority and legal right to execute, deliver and perform its obligations under this Indenture and each other Transaction Document to

which it is a party and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and each other Transaction Document to which it is a party;

(c) This Indenture and each other Transaction Document to which it is a party have been duly executed and delivered by the Indenture Trustee and constitute the legal, valid, and binding obligations of the Indenture Trustee, enforceable against the Indenture Trustee in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, liquidation, moratorium, fraudulent conveyance, or similar laws affecting creditors' or creditors of banks' rights and/or remedies generally or by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law);

(d) The execution, delivery and performance of this Indenture and each other Transaction Document to which it is a party by the Indenture Trustee will not constitute a violation with respect to any order or decree of any court or any order, regulation or demand of any federal, State, municipal or governmental agency binding on the Indenture Trustee or such of its property which is material to it, which violation might have consequences that would materially and adversely affect the performance of its duties under this Indenture;

(e) The execution, delivery and performance of this Indenture and each other Transaction Document to which it is a party by the Indenture Trustee do not require any approval or consent of any Person, do not conflict with the Articles of Association and Bylaws of the Indenture Trustee, and do not and will not conflict with or result in a breach which would constitute a material default under any agreement applicable to it or such of its property which is material to it; and

(f) No proceeding of any kind, including but not limited to litigation, arbitration, judicial or administrative, is pending or, to the Indenture Trustee's knowledge, threatened against or contemplated by the Indenture Trustee which would have a reasonable likelihood of having an adverse effect on the execution, delivery, performance or enforceability of this Indenture or any other Transaction Document to which it is a party by or against the Indenture Trustee.

*Section 3.14. Rule 144A Information.* So long as any of the Notes are outstanding, and the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Noteholder, the Issuer shall promptly furnish at such Noteholder's expense to such Noteholder, and the prospective purchasers designated by such Noteholder, Rule 144A Information in order to permit compliance with Rule 144A under the Securities Act in connection with the resale of such Notes by such Noteholder.

*Section 3.15. Knowledge*

. Any references herein to the knowledge, discovery or learning of the Issuer or the Manager shall mean and refer to actual knowledge of an Authorized Officer of the Issuer or the Manager, as applicable.

**ARTICLE IV**

**MANAGEMENT, ADMINISTRATION AND SERVICING**

Section 4.01. Management Agreement

(a) The Management Agreement, duly executed counterparts of which have been delivered to the Indenture Trustee, sets forth the covenants and obligations of the Manager with respect to the Trust Estate and other matters addressed in the Management Agreement, and reference is hereby made to the Management Agreement for a detailed statement of said covenants and obligations of the Manager thereunder. The Issuer agrees that the Indenture Trustee, in its name or (to the extent required by law) in the name of the Issuer, shall, if so directed and indemnified by the Majority Noteholders of the Controlling Class, enforce all rights of the Issuer under the Management Agreement for and on behalf of the Noteholders whether or not the Issuer is in default hereunder.

(b) Promptly following a request from the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class) to do so, the Issuer shall take all such lawful action as the Indenture Trustee may request to compel or secure the performance and observance by the Manager of each of its obligations to the Issuer and with respect to the Trust Estate under or in connection with the Management Agreement, in accordance with the terms thereof, and in effecting such request shall exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Management Agreement to the extent and in the manner directed by the Indenture Trustee, including, without limitation, the transmission of notices of default on the part of the Manager thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Manager of each of its obligations under the Management Agreement.

(c) The Issuer shall not waive any default by the Manager under the Management Agreement if the effect thereof would adversely affect the Holders of the Notes without the written consent of the Indenture Trustee (which shall be given at the written direction of the Majority Noteholders of the Controlling Class).

(d) The Indenture Trustee does not assume any duty or obligation of the Issuer under the Management Agreement, and the rights given to the Indenture Trustee thereunder are subject to the provisions of Article VII.

(e) With respect to the Manager's obligations under Section 4.3 of the Management Agreement, the Indenture Trustee shall not have any responsibility to the Issuer, the Manager or any party hereunder to make any inquiry or investigation as to, and shall have no obligation in respect of, the terms of any engagement of the Independent Accountants by the Manager; *provided, however* that the Indenture Trustee shall be authorized, upon receipt of written direction from the Manager directing the Indenture Trustee, to execute any acknowledgment or other agreement with the Independent Accountant required for the Indenture Trustee to receive any of the reports or instructions provided for herein, which acknowledgment or agreement may include, among other things, (i) acknowledgement that the Manager has agreed that the procedures to be performed by the Independent Accountants are sufficient for the Issuer's purposes, (ii) acknowledgment that the Indenture Trustee has agreed that the procedures to be performed by the Independent Accountants are sufficient for the Indenture Trustee's purposes and that the Indenture Trustee's purposes is limited solely to receipt of the report, (iii) releases by the Indenture Trustee (on behalf of itself and the Noteholders) of claims against the Independent Accountants and acknowledgement of other limitations of liability in favor of the Independent Accountants, and (iv) restrictions or prohibitions on the disclosure of information or

documents provided to it by such firm of Independent Accountants (including to the Noteholders). Notwithstanding the foregoing, in no event shall the Indenture Trustee be required to execute any agreement in respect of the Independent Accountants that the Indenture Trustee determines adversely affects it in its individual capacity or which is in a form that is not reasonably acceptable to the Indenture Trustee.

(f) In the event such independent public accountants require the Indenture Trustee, the Transition Manager to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to Section 4.01(e), the Manager shall direct the Indenture Trustee or the Transition Manager in writing to so agree; it being understood and agreed that the Indenture Trustee or the Transition Manager will deliver such letter of agreement in conclusive reliance upon the direction of the Manager, and the Indenture Trustee or the Transition Manager has not made any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Neither the Indenture Trustee nor the Transition Manager shall be liable for any claims, liabilities or expenses relating to such accountants' engagement or any report issued in connection with such engagement, and the dissemination of any such report is subject to the written consent of the accountants.

## ARTICLE V

### ACCOUNTS, COLLECTIONS, PAYMENTS OF INTEREST AND PRINCIPAL, RELEASES, AND STATEMENTS TO NOTEHOLDERS

#### *Section 5.01. Accounts*

(a) On or prior to the Closing Date, the Issuer shall cause the Indenture Trustee to establish and maintain in the name of the Indenture Trustee, for the benefit of the Noteholders, four Eligible Accounts: (i) a collection account in which Managing Member Distributions, on the Closing Date, the Collection Account Closing Date Deposit, and certain other amounts will be deposited from time to time (the "*Collection Account*"), (ii) a supplemental reserve account in which the Supplement Reserve Account Initial Deposit will be deposited on the Closing Date and the Supplemental Reserve Account Deposit will be deposited from time to time (the "*Supplemental Reserve Account*"), (iii) a liquidity reserve account in which amounts necessary to maintain the Liquidity Reserve Account Required Deposit will be deposited from time to time (the "*Liquidity Reserve Account*") and (iv) a tax loss insurance proceeds account in which all proceeds of a Tax Loss Insurance Policy received by the Indenture Trustee with respect to any Tax Loss Indemnity will be deposited from time to time (the "*Tax Loss Insurance Proceeds Account*"), in each case, bearing a designation that the funds deposited therein are held for the benefit of the Noteholders. Each of the Collection Account, the Supplemental Reserve Account, the Liquidity Reserve Account and the Tax Loss Insurance Proceeds Account will initially be established with the Indenture Trustee.

(b) Funds on deposit in the Collection Account, the Supplemental Reserve Account and the Liquidity Reserve Account shall be invested by the Indenture Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Manager (pursuant to standing instructions or otherwise). All such Eligible Investments shall be held by or on behalf of the Indenture Trustee for the benefit of the Noteholders.

(c) All investment earnings pursuant to Section 5.01(b) of moneys deposited into the Collection Account, the Supplemental Reserve Account and the Liquidity Reserve Account shall be deposited (or caused to be deposited) by the Indenture Trustee into the Collection Account, and any loss resulting from such investments shall be charged to such Account. No investment of any amount held in any of the Collection Account, the Supplemental Reserve Account and the Liquidity Reserve Account shall mature later than the Business Day immediately preceding the Payment Date which is scheduled to occur immediately following the date of investment. The Manager, on behalf of the Issuer, will not direct the Indenture Trustee to make any investment of any funds held in any of the Accounts unless the security interest Granted and perfected in such account will continue to be perfected in such investment, in either case without any further action by any Person.

(d) The Indenture Trustee shall not in any way be held liable by reason of any insufficiency in any of the Accounts resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to follow instructions of the Issuer in accordance with Section 5.01, negligence or bad faith, or its failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as Indenture Trustee, in accordance with their terms.

(e) Funds on deposit in any Account shall remain uninvested if (i) the Manager shall have failed to give investment directions in writing for any funds on deposit in any Account to the Indenture Trustee by 1:00 p.m. Eastern time (or such other time as may be agreed by the Manager and the Indenture Trustee) on any Business Day; or (ii) based on the actual knowledge of, or receipt or written notice by, a Responsible Officer of the Indenture Trustee, a Default or Event of Default shall have occurred and be continuing with respect to the Notes but the Notes shall not have been declared due and payable, or, if such Notes shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Trust Estate are being applied as if there had not been such a declaration.

(f) [Reserved].

(g) (i) The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Accounts and in all proceeds thereof (including, without limitation, all investment earnings on the Collection Account) and all such funds, investments, proceeds and income shall be part of the Trust Estate. Except as otherwise provided herein, the Accounts shall be under the control (as defined in Section 9-104 of the UCC to the extent such account is a deposit account and Section 8-109 of the UCC to the extent such account is a securities account) of the Indenture Trustee for the benefit of the Noteholders. If, at any time, any of the Accounts ceases to be an Eligible Account, the Indenture Trustee (or the Manager on its behalf) shall within five Business Days establish a new Account as an Eligible Account and shall transfer any cash and/or any investments to such new Account. In connection with the foregoing, the Manager agrees that, in the event that any of the Accounts are not accounts with the Indenture Trustee, the Manager shall notify the Indenture Trustee in writing promptly upon any of such Accounts ceasing to be an Eligible Account.

(ii) With respect to the Account Property, the Indenture Trustee agrees that:

(A) any Account Property that is held in deposit accounts shall be held solely in Eligible Accounts; and, except as otherwise provided herein, each such Eligible Account shall be subject to the exclusive custody and control of the Indenture Trustee, and the Indenture Trustee shall have sole signature authority with respect thereto;

(B) any Account Property that constitutes physical property shall be delivered to the Indenture Trustee in accordance with paragraph (i)(A) or (i)(B), as applicable, of the definition of "Delivery" and shall be held, pending maturity or disposition, solely by the Indenture Trustee or a securities intermediary (as such term is defined in Section 8-102(a)(14) of the UCC) acting solely for the Indenture Trustee;

(C) any Account Property that is a book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations shall be delivered in accordance with paragraph (1)(c) or (1)(e), as applicable, of the definition of "Delivery" and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued book-entry registration of such Account Property as described in such paragraph;

(D) any Account Property that is an "uncertificated security" under Article 8 of the UCC and that is not governed by clause (C) above shall be delivered to the Indenture Trustee in accordance with paragraph (i)(D) of the definition of "Delivery" and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued registration of the Indenture Trustee's (or its nominee's) ownership of such security;

(E) the Manager shall have the power, revocable by the Indenture Trustee upon the occurrence of a Manager Termination Event, to instruct the Indenture Trustee to make withdrawals and payments from the Accounts for the purpose of permitting the Manager and the Indenture Trustee to carry out their respective duties hereunder; and

(F) any Account held by it hereunder shall be maintained as a "securities account" as defined in the Uniform Commercial Code as in effect in New York (the "*New York UCC*"), and that it shall be acting as a "securities intermediary" for the Indenture Trustee itself as the "entitlement holder" (as defined in Section 8-102(a)(7) of the *New York UCC*) with respect to each such Account. The parties hereto agree that each Account shall be governed by the laws of the State of New York, and regardless of any provision in any other agreement, the "securities intermediary's jurisdiction" (within the meaning of Section 8-110 of the *New York UCC*) shall be the State of New York. The Indenture Trustee acknowledges and agrees that (1) each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Accounts shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the *New York UCC* and (2) notwithstanding anything to the contrary, if at any time the Indenture Trustee shall receive any order from the

Indenture Trustee (solely in its capacity as securities intermediary) directing transfer or redemption of any financial asset relating to the Accounts, the Indenture Trustee shall comply with such entitlement order without further consent by the Issuer, or any other person. In the event of any conflict of any provision of this Section 5.01(g)(ii)(F) with any other provision of this Indenture or any other agreement or document, the provisions of this Section 5.01(g)(ii)(F) shall prevail.

*Section 5.02. Supplemental Reserve Account*

*and Tax Loss Insurance Proceeds Account.* (a) (i) On the Closing Date, the Issuer shall deliver to the Indenture Trustee an amount equal to the Supplemental Reserve Account Initial Deposit for deposit into the Supplemental Reserve Account. On each Payment Date, to the extent of Available Funds and in accordance with and subject to the Priority of Payments, the Indenture Trustee shall, based on the Semi-Annual Manager Report, deposit into the Supplemental Reserve Account an amount equal to the Supplemental Reserve Account Deposit until the amount on deposit equals the Supplemental Reserve Account Required Balance.

(ii) The Indenture Trustee shall release funds from the Supplemental Reserve Account to pay the following amounts upon direction from the Manager set forth in an Officer's Certificate (no more than once per calendar month); *provided* that if the amount available in the Supplemental Reserve Account is less than all such amounts, the Indenture Trustee shall release such funds in the following order of priority:

(A) the costs (inclusive of labor costs) of replacement of any inverter that no longer has the benefit of a manufacturer warranty and for which (A) the Maintenance Services Provider is not obligated under the related Maintenance Services Agreement to cover the replacement costs of such inverter (or if so obligated, fails to pay such costs), for the purpose of funding a loan by the Managing Member to the related Project Company to pay for the replacement of such inverter (or, if such a loan would not be permitted under the applicable Project Company LLCA, the Managing Member shall provide such amount in the form of an additional capital contribution to the Project Company) or (B) the Manager in its role as Maintenance Services Provider has paid under the related Maintenance Services Agreement;

(B) to the Tax Loss Insurance Proceeds Account, the amount of any deductible in connection with each claim paid by the Tax Loss Insurers under the Tax Loss Insurance Policies plus the amount of the difference, if any, between (a) the amount of a Tax Loss Indemnity minus (b) the sum of the amount of proceeds of the Tax Loss Insurance Policies received by the loss payee under the Tax Loss Insurance Policies with respect to such Tax Loss Indemnity and the amount of any deductible in connection therewith; and

(C) the Purchase Option Price when due and payable under the terms of the related Project Company LLCA upon exercise by the related Managing Member of the related Purchase Option or the Withdrawal Amount upon the exercise by the related Tax Equity Investor of the Withdrawal Option.

(iii) If the amount on deposit in the Supplemental Reserve Account exceeds the Supplemental Reserve Account Required Balance on any Payment Date during a Regular Amortization Period, the amount of such excess will be transferred (i) first, to the Liquidity Reserve Account to the extent the amount on deposit in the Liquidity Reserve Account is then less than the Liquidity Reserve Account Required Balance, and (ii) then to the Collection Account for distribution as part of Available Funds pursuant to the Priority of Payments.

(iv) The Indenture Trustee shall transfer to the Collection Account all amounts on deposit in the Supplemental Reserve Account on the earlier of the Rated Final Maturity and the acceleration of the Notes following an Event of Default.

(v) On any Payment Date after the Anticipated Repayment Date, if the sum of (i) Available Funds, (ii) amounts on deposit in the Liquidity Reserve Account and (iii) amounts on deposit in the Supplemental Reserve Account is greater than or equal to the aggregate sum of all Issuer Secured Obligations, all such amounts will be applied by the Indenture Trustee at the direction of the Manager on such Payment Date to the payment in full of all such Issuer Secured Obligations.

(b) Notwithstanding Section 5.02(a)(i), upon the Rating Agency Condition being satisfied, in lieu of or in substitution for moneys otherwise required to be deposited to the Supplemental Reserve Account, the Issuer (or the Manager on behalf of the Issuer) may deliver or cause to be delivered to the Indenture Trustee a Letter of Credit issued by an Eligible Letter of Credit Bank in an amount equal to the Supplemental Reserve Account Required Balance; provided that any Supplemental Reserve Account Deposit required to be made after the replacement of amounts on deposit in the Supplemental Reserve Account with the Letter of Credit shall be made in deposits to the Supplemental Reserve Account as provided in the Priority of Payments or pursuant to an increase in the Letter of Credit, or addition of another Letter of Credit (such increase or addition to require satisfaction of the Rating Agency Condition). The Letter of Credit shall be held as an asset of the Supplemental Reserve Account and valued for purposes of determining the amount on deposit in the Supplemental Reserve Account as the amount then available to be drawn on such Letter of Credit. Any references to in the Transaction Documents to amounts on deposit in the Supplemental Replacement Reserve Account shall include the value of the Letter of Credit unless specifically excluded. If the amounts on deposit in the Supplemental Reserve Account are represented by a Letter of Credit, the Indenture Trustee shall be required to submit the drawing documents to the Eligible Letter of Credit Bank to draw the full stated amount of the Letter of Credit and deposit the proceeds therefrom in the Supplemental Reserve Account in the following circumstances: (i) if the Indenture Trustee is directed by the Manager on behalf of the Issuer, pursuant to an Officer's Certificate, to withdraw funds from the Supplemental Reserve Account for any reason; (ii) if the Letter of Credit is scheduled to expire in accordance with its terms and has not been extended or replaced with a Letter of Credit issued by an Eligible Letter of Credit Bank by the date that is ten days prior to the expiration date; or (iii) if the Indenture Trustee is directed by the Issuer, the Manager or the Majority Noteholders of the Controlling Class, pursuant to an Officer's Certificate stating that the financial institution issuing the Letter of Credit ceases to be an Eligible Letter of Credit Bank. Any drawing on the Letter of Credit may be reimbursed by the Issuer only from amounts remitted to the Issuer pursuant to clauses (x) and (xii) of the Priority of Payments.

(c) The Indenture Trustee will deposit into the Tax Loss Insurance Proceeds Account upon receipt all proceeds of a Tax Loss Insurance Policy received by the Indenture Trustee.

(d) At the direction of the Manager pursuant to an Officer's Certificate, the Indenture Trustee will (i) transfer from the Supplemental Reserve Account an amount equal to the difference, if any, between the amount of such Tax Loss Indemnity and the amount of proceeds of the related Tax Loss Insurance Policy received by the Indenture Trustee with respect to such Tax Loss Indemnity and (ii) pay from amounts on deposit in the Tax Loss Insurance Proceeds Account with respect to such Tax Loss Indemnity the amount of the related Tax Loss Indemnity to the related Project Company for distribution by such Project Company to its Members in accordance with the terms of the related Project Company LLCA and (iii) distribute any remaining amounts in the Tax Loss Insurance Proceeds Account. At the direction of the Manager, the Indenture Trustee will distribute any proceeds from the Tax Loss Insurance Proceeds Account to the related Project Company or Managing Member to the extent such funds are paid in connection with costs incurred by a Project Company or the related Managing Member in contesting any Tax Loss in accordance with the terms and conditions of the related Tax Loss Insurance Policy, which were received by the Indenture Trustee and deposited in the Tax Loss Insurance Proceeds Account, to such Project Company or Managing Member and will distributed any remaining amounts in the Tax Loss Insurance Proceeds Account.

(e) The Indenture Trustee shall transfer to the Collection Account all amounts on deposit in the Tax Loss Insurance Proceeds Account on the earlier of the Rated Final Maturity or the acceleration of the Notes following an Event of Default.

*Section 5.03. Liquidity Reserve Account*

(a) On the Closing Date, the Issuer shall deliver to the Indenture Trustee an amount equal to the Liquidity Reserve Account Required Balance with respect to the Closing Date for deposit into the Liquidity Reserve Account. As described in the Priority of Payments, to the extent of Available Funds, the Indenture Trustee shall, on each Payment Date, deposit Available Funds into the Liquidity Reserve Account until the amount on deposit therein shall equal the Liquidity Reserve Account Required Balance

(b) On each Payment Date, the Indenture Trustee shall, based on the Semi-Annual Manager Report, transfer funds on deposit in the Liquidity Reserve Account to the Collection Account to the extent the amount on deposit in the Collection Account as of such Payment Date is less than the amounts necessary to make the distributions described in clauses (i) through (iv) of Section 5.05(a). If the amount on deposit in the Liquidity Reserve Account exceeds the Liquidity Reserve Account Required Balance on any Payment Date during a Regular Amortization Period, the amount of such excess will be transferred to the Supplemental Reserve Account. If the amount on deposit in the Supplemental Reserve Account exceeds the Supplemental Reserve Account Required Balance on such Payment Date, the amount of such excess will be transferred to the Collection Account and will be part of Available Funds distributed pursuant to the Priority of Payments. If the amount on deposit in the Liquidity Reserve Account exceeds the Liquidity Reserve Account Required Balance on any Payment Date during an Early Amortization Period or a Sequential Interest Amortization Period, the amount of such excess will be transferred to the Collection Account and will be part of the Available Funds distributed pursuant to the Priority of Payments.

(c) Upon the earliest of (i) the Rated Final Maturity, (ii) the acceleration of the Notes following an Event of Default and (iii) the Payment Date on which the sum of Available Funds and the amount on deposit in the Liquidity Reserve Account is greater than or equal to the sum of (a) the payments and distributions required under clauses (i) through (iv) in the Priority of Payments and (b) the Aggregate Outstanding Note Balance as of such Payment Date prior to any distributions made on such Payment Date, the Indenture Trustee shall, based on the information set forth in the related Semi -Annual Manager Report, withdraw any remaining funds on deposit in the Liquidity Reserve Account (including investment earnings or income) and deposit such funds into the Collection Account. On the Termination Date, the Indenture Trustee shall, based on the information set forth in the related Semi -Annual Manager Report, withdraw any remaining funds on deposit in the Liquidity Reserve Account (including investment earnings or income) and pay such amount to the Issuer.

(d) On any Payment Date after the Anticipated Repayment Date, if the sum of (i) Available Funds, (ii) amounts on deposit in the Liquidity Reserve Account and (iii) amounts on deposit in the Supplemental Reserve Account is greater than or equal to the aggregate sum of all Issuer Secured Obligations, all such amounts will be applied by the Indenture Trustee at the direction of the Manager on such Payment Date to the payment in full of all such Issuer Secured Obligations.

*Section 5.04. Collection Account*

(a) On or prior to the Closing Date, the Manager, on behalf of the Issuer as owner of each Managing Member shall have instructed each Managing Member to cause to be deposited into the Collection Account all Managing Member Distributions. The Issuer shall cause all other amounts required to be deposited therein pursuant to the Transaction Documents, to be deposited within one Business Day of receipt thereof. The Indenture Trustee shall provide or make available electronically (or upon written request, by first class mail or facsimile) monthly statements on all amounts received in the Collection Account to the Issuer and the Manager.

(b) The Manager will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to a Collection Period for amounts previously deposited in the Collection Account but later determined by the Manager to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Manager on the related Payment Date upon certification by the Manager of such amounts; *provided, however*, that the Manager must provide such certification within six months of such mistaken deposit, posting or returned check.

(c) The Indenture Trustee shall make distributions from the Collection Account as directed by the Manager in accordance with the Management Agreement.

*Section 5.05. Distribution of Funds in the Collection Account*

(a) On each Payment Date, Available Funds on deposit in the Collection Account shall be distributed by the Indenture Trustee, based solely on the information set forth in the related Semi-Annual Manager Report, in the following order and priority of payments (the "*Priority of Payments*"):

(i) (A) to the Indenture Trustee, (1) the Indenture Trustee Fee and any accrued and unpaid Indenture Trustee Fees with respect to prior Payment Dates plus (2) out-of-pocket expenses and indemnities of the Indenture Trustee incurred and not reimbursed in connection with its obligations and duties under this Indenture, (B) to the Transition Manager (1) the Transition Manager Fee and any accrued and unpaid Transition Manager Fees with respect to prior Payment Dates, (2) Transition Manager Expenses and (3) any accrued and unpaid transition costs payable to the Transition Manager, and (C) to the Custodian, (1) the Custodian Fee and any accrued and unpaid Custodian Fees with respect to prior Payment Dates plus (2) out-of-pocket expenses and indemnities of the Custodian incurred and not reimbursed in connection with its obligations and duties under the Custodial Agreement; *provided* that payments to the Indenture Trustee as reimbursement for clause (A)(2), to the Transition Manager as reimbursement for clause (B)(2) and to the Custodian as reimbursement for clause (C)(2) will be limited to \$100,000 in the aggregate per calendar year as long as no Event of Default has occurred, and the Notes have not been accelerated, or the Trust Estate sold, pursuant to this Indenture; *provided, further*, that the payments to the Transition Manager as reimbursement for clause (B)(3) will be limited to \$75,000 per transition occurrence and \$150,000 in the aggregate;

(ii) to the Manager, the Manager Fee, plus any accrued and unpaid Manager Fees with respect to prior Payment Dates;

(iii) to the Class A Noteholders, the Note Interest with respect to the Class A Notes for such Payment Date;

(iv) to the Class B Noteholders, the Note Interest with respect to the Class B Notes for such Payment Date;

(v) to the Liquidity Reserve Account, an amount equal to the greater of (a)(1) the Liquidity Reserve Account Required Balance minus (2) the amount on deposit in the Liquidity Reserve Account on such Payment Date and (b) \$0;

(vi) to the Supplemental Reserve Account, the Supplemental Reserve Account Deposit until the Supplemental Reserve Account Required Balance has been met;

(vii) to the Noteholders, (A) during a Regular Amortization Period, in the following order: (1) to the Class A Noteholders, the Class A Scheduled Note Principal Payment for such Payment Date, (2) to the Class B Noteholders, the Class B Scheduled Note Principal Payment for such Payment Date (which will be \$0), (3) to the Class A Noteholders, the Unscheduled Note Principal Payment for such Payment Date until the Outstanding Note Balance of the Class A Notes has been reduced to zero, (4) to the Class B Noteholders, any Unscheduled Note Principal Payment for such Payment Date remaining after payment to the Class A Noteholders until the Outstanding Note Balance of the Class B Notes has been reduced to zero, and (5) to the Class B Noteholders, any unpaid Class B Deferred Interest; and (B) during an Early Amortization Period or Sequential Interest Amortization Period, all remaining Available Funds shall be paid to the Class A Noteholders until the Outstanding Note Balance of the Class A Notes has

been reduced to zero and then to the Class B Noteholders in the following order: (1) to reduce the Outstanding Note Balance of the Class B Notes to zero and (2) to pay any unpaid Class B Deferred Interest;

(viii) to the Noteholders, in the following order: (A) to the Class B Noteholders, the Additional Principal Amount for such Payment Date until the Outstanding Note Balance of the Class B Notes has been reduced to zero, (B) to the Class A Noteholders, any Additional Principal Amount for such Payment Date remaining after payment to the Class B Noteholders until the Outstanding Note Balance of the Class A Notes has been reduced to zero;

(ix) to the Indenture Trustee, the Transition Manager and the Custodian, any incurred and not reimbursed out-of-pocket expenses and indemnities of the Indenture Trustee and the Custodian and Transition Manager Expenses, in each case to the extent not paid in accordance with (i) above;

(x) to the Letter of Credit Bank or other party as directed by the Manager (a) any fees and expenses related to the Letter of Credit and (b) any amounts which have been drawn under the Letter of Credit and any interest due thereon;

(xi) to the Class A Noteholders and the Class B Noteholders, in that order, its respective Post-ARD Additional Note Interest and Deferred Post-ARD Additional Note Interest due on such Payment Date, if any; and

(xii) to or at the direction of the Issuer, any remaining Available Funds on deposit in the Collection Account.

(b) As directed by the Manager pursuant to Section 2.1(c)(iii) of the Management Agreement, the Indenture Trustee shall, within three Business Days of such direction, transfer funds from the Collection Account to the Manager in the amount required to pay any Managing Member Obligation then due and payable as set forth in an Officer's Certificate specifying the name of the applicable creditor and amount to be paid to such creditor and the Manager or the Issuer may, by delivery of an Officer's Certificate to the Indenture Trustee (in form reasonably satisfactory to the Indenture Trustee), request release of or direct the Indenture Trustee no more than once per week, and, in each case, with a reasonable volume of payment instructions, to remit (i) to or at the direction of the Manager of the Issuer, Unhedged SREC Payments, (ii) to the applicable Project Company to whom the Issuer owes payments for the acquisition of SRECs, the payment required under the applicable purchase or transfer agreement and (iii) any other amounts not constituting Available Funds that are not Managing Member Obligations, in each case, on deposit in the Collection Account.

*Section 5.06. Early Amortization Period Payments and Sequential Interest Amortization Period Payments*

. Any distributions of principal made during an Early Amortization Period or a Sequential Interest Amortization Period will be allocated in the following manner to determine any unpaid amounts on future Payment Dates: first, to the Scheduled Note Principal Payment amount calculated for such Payment Date; and second, to the Unscheduled Note Principal Payment amount calculated for such Payment Date. Any principal payments made in excess of

the amounts allocated to Scheduled Note Principal Payment and Unscheduled Note Principal Payment for such Payment Date will be considered an additional payday of principal.

*Section 5.07. Note Payments*

(a) The Indenture Trustee shall pay from amounts on deposit in the Collection Account in accordance with the Semi-Annual Manager Report and Section 5.05 to each Noteholder of record as of the related Record Date either (i) by wire transfer, in immediately available funds to the account of such Noteholder at a bank or other entity having appropriate facilities therefor, if such Noteholder shall have provided to the Indenture Trustee appropriate written instructions at least five Business Days prior to related Payment Date (which instructions may remain in effect for subsequent Payment Dates unless revoked by such Noteholder), or (ii) if not, by check mailed to such Noteholder at the address of such Noteholder appearing in the Note Register, the amounts to be paid to such Noteholder pursuant to such Noteholder's Notes; *provided*, that so long as the Notes are registered in the name of the Securities Depository such payments shall be made to the nominee thereof in immediately available funds.

(b) In the event that any withholding Tax is imposed on the Issuer's payment (or allocations of income) to a Noteholder, such withholding Tax shall reduce the amount otherwise distributable to the Noteholder in accordance with this Section 5.07. The Indenture Trustee is hereby authorized and directed to retain from amounts otherwise distributable to the Noteholders any applicable withholding Taxes in accordance with applicable law. The Manager shall instruct the Indenture Trustee of any withholding Tax that is legally owed by the Issuer in respect of the Issuer's payment to a Noteholder (or the nominee, if the Notes are registered in the name of the Securities Depository), in writing in a Semi-Annual Manager Report. Nothing herein shall prevent the Indenture Trustee from contesting at the expense of the applicable Noteholder any such withholding Tax in appropriate proceedings, and withholding payment of such withholding Tax, if permitted by law, pending the outcome of such proceedings. The amount of any withholding Tax imposed with respect to a Noteholder shall be treated as cash distributed to such Noteholder at the time it is withheld by the Issuer or the Indenture Trustee (at the direction of the Manager or the Issuer) and remitted to the appropriate taxing authority. In the event that a Noteholder wishes to apply for a refund of any such withholding Tax, the Indenture Trustee shall reasonably cooperate with such Noteholder in making such claim so long as such Noteholder agrees to reimburse the Indenture Trustee for any out-of-pocket expenses incurred.

(c) Each Noteholder and each Note Owner, by its acceptance of its Note, will be deemed to have consented to the provisions of Section 5.05(a) relating to the Priority of Payments.

(d) For purposes of U.S. federal income, state and local income and franchise taxes, each Noteholder and each Note Owner, by its acceptance of its Note, will be deemed to have agreed to, and hereby instructs the Indenture Trustee to, (i) treat the Notes as indebtedness unless otherwise required by applicable law as determined by a Final Determination, and (ii) treat the Grant of the Trust Estate by the Issuer to the Indenture Trustee pursuant to this Indenture as a pledge.

(e) Each Noteholder and each Note Owner, by its acceptance of such Note or such beneficial interest in such Note, will be deemed to have agreed to provide the Indenture Trustee

or the Issuer or other applicable withholding agent with the Noteholder Tax Identification Information and the Noteholder FATCA Information. In addition, each Noteholder and each Note Owner will be deemed to have agreed that the Indenture Trustee (or other applicable withholding agent) has the right to withhold FATCA Withholding Tax from any amount of interest or other amounts (without any corresponding gross-up) payable to a Noteholder or Note Owner that fails to comply with the foregoing requirements provided that such amounts are properly remitted to the appropriate taxing authority. The Issuer hereby covenants with the Indenture Trustee that, upon request from the Indenture Trustee, the Issuer will provide the Indenture Trustee with information that is reasonably available to the Issuer so as to enable the Indenture Trustee to determine whether or not the Indenture Trustee is obliged to make any withholding, including FATCA Withholding Tax, in respect of any payments with respect to a Note (and if applicable, to provide the necessary detailed information that is reasonably available to the Issuer to effectuate any withholding, including FATCA Withholding Tax).

*Section 5.08. Statements to Noteholders; Tax Returns*

Within 30 days after the end of each calendar year, the Indenture Trustee shall furnish to each Person who at any time during such calendar year was a Noteholder of record and received any payment thereon (a) a report as to the aggregate of amounts paid during such calendar year to each such Noteholder allocable to principal, interest or other amounts for such calendar year or applicable portion thereof during which such Person was a Noteholder and (b) such information required by the Code, to enable such Noteholders to prepare their U.S. federal and state income tax returns. The obligation of the Indenture Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that information shall be provided by the Indenture Trustee, in the form of Form 1099 or other comparable form, pursuant to any requirements of the Code.

The Indenture Trustee shall have no responsibility or liability with respect to reporting or calculation of original issue discount with respect to the Notes. Upon written request from the Noteholders to the Indenture Trustee for any information with respect to original issue discount accruing on the Notes, the Issuer will promptly supply to the Indenture Trustee any such information for further distributions to the Noteholders.

The Issuer shall cause the Manager, at the Manager's expense, to cause a firm of Independent Accountants to prepare any tax returns required to be filed by the Issuer. The Indenture Trustee, upon reasonable written request, shall furnish the Issuer with all such information in the possession of the Indenture Trustee as may be reasonably required in connection with the preparation of any tax return of the Issuer.

*Section 5.09. Reports by Indenture Trustee*

Within five Business Days after the end of each Collection Period, the Indenture Trustee shall provide or make available electronically (or upon written request, by first class mail or facsimile) to the Manager a written report setting forth the amounts in the Collection Account, the Liquidity Reserve Account, the Tax Loss Insurance Proceeds Account and the Supplemental Reserve Account, and the identity of the investments included therein. Without limiting the generality of the foregoing, the Indenture Trustee shall, upon the written request of the Manager, promptly transmit or make available electronically to the Manager, copies of all accountings of, and information with respect to, the Collection Account, the Liquidity Reserve Account, the Tax Loss Insurance Proceeds Account and the Supplemental Reserve Account, investments thereof, and payments thereto and therefrom.

Section 5.10. Final Balances

Upon payment of all principal and interest with regard to the Notes, all other amounts due to the Noteholders as expressly provided for in the Transaction Documents and payment of all reasonable fees, charges and other expenses, such as fees and expenses of the Indenture Trustee, all moneys remaining in all Accounts, except moneys necessary to make payments equal to such amounts and payments of principal and interest with respect to the Notes, which moneys shall be held and disbursed by the Indenture Trustee pursuant to this Article V, shall be, subject to applicable escheatment laws, remitted to, or at the direction of, the Issuer.

ARTICLE VI

VOLUNTARY PREPAYMENT OF NOTES AND RELEASE OF COLLATERAL

Section 6.01. Voluntary Prepayment

(a) Each Class of Notes are subject to prepayment, in whole or in part (such prepayment, a “*Voluntary Prepayment*”), prior to its Rated Final Maturity, at the option of the Issuer on any Business Day, upon (i) delivery to the Indenture Trustee and the Manager, not less than 15 days prior to the date fixed for the proposed prepayment (the “*Voluntary Prepayment Date*”), of a Notice of Prepayment from the Issuer stating the Issuer’s election to prepay the Notes or portion thereof in the form attached hereto as Exhibit C, and (ii) the deposit by the Issuer into the Collection Account, in the case of any Voluntary Prepayment in whole, no later than 11:00 a.m. Eastern time on such Voluntary Prepayment Date, or in the case of any Voluntary Prepayment in part, no later than 12:00 p.m. Eastern time on the Business Day prior to such Voluntary Prepayment Date, of (A) the outstanding principal of the Notes to be prepaid, (B) all accrued and unpaid interest thereon (including any Class B Deferred Interest or Post-ARD Additional Note Interest), (C) all amounts owed to the Indenture Trustee, the Manager, the Transition Manager and the Custodian, and (D) the Make Whole Amount, if applicable (the “*Prepayment Amount*”). On the specified Voluntary Prepayment Date, *provided* that the Indenture Trustee has received the Prepayment Amount, in the case of any Voluntary Prepayment in whole, no later than 11:00 a.m. Eastern time on such Voluntary Prepayment Date, or in the case of any Voluntary Prepayment in part, no later than 12:00 p.m. Eastern time on the Business Day prior to such specified Voluntary Prepayment Date, the Indenture Trustee shall (x) withdraw the Prepayment Amount from the Collection Account and disburse such amounts in accordance with clauses (i) through (iv) of the Priority of Payments and then to the Noteholders, the Make Whole Amount, if applicable, and then (i) if no Sequential Interest Amortization Period is then in effect, to pay down the Class A Notes and the Class B Notes on a pro rata basis, and (ii) if a Sequential Interest Amortization Period is then in effect, first to pay down the Class A Notes until the Outstanding Note Balance of the Class A Notes has been reduced to zero, and then to pay down the Class B Notes until the Outstanding Note Balance of the Class B Notes has been reduced to zero and (y) to the extent the Outstanding Note Balance is prepaid, release any remaining assets in the Trust Estate to, or at the direction of, the Issuer.

(b) If the Voluntary Prepayment Date occurs prior to the Make Whole Determination Date, the Issuer will be required to pay the Noteholders the Make Whole Amount. The Make Whole Amount shall be calculated two Business Days before the related Voluntary Prepayment Date. No Make Whole Amount will be due to the Noteholders if the Voluntary Prepayment is made on or after the Make Whole Determination Date.

(c) If the Issuer elects to rescind the Voluntary Prepayment, it must give written notice of such determination to the Indenture Trustee at least two Business Days prior to the Voluntary Prepayment Date. If a redemption of the Notes has been rescinded pursuant to this [Section 6.01\(c\)](#), the Indenture Trustee shall provide notice of such rescission to the registered owner of each Note which had been subject to the rescinded redemption at the address shown on the Note Register maintained by the Note Registrar with copies to the Issuer, the Manager and the Rating Agency.

*Section 6.02. Notice of Voluntary Prepayment*

. Any Notice of Voluntary Prepayment shall be given by the Indenture Trustee by mailing a copy of the notice of prepayment by first-class mail (postage prepaid) not less than 10 days and not more than 15 days prior to the date fixed for prepayment to the registered owner of each Note to be prepaid at the address shown on the Note Register maintained by the Note Registrar with copies to the Issuer, the Manager and the Rating Agency. Failure to give or receive such notice of prepayment by mailing to any Noteholder, or any defect therein, shall not affect the validity of any proceedings for the prepayment of other Notes. If a Voluntary Prepayment has been rescinded pursuant to [Section 6.01\(c\)](#), and to the extent the Indenture Trustee had provided notice of the Voluntary Prepayment, the Indenture Trustee shall provide notice of such rescission to the registered owner of each Note which had been subject to the rescinded Voluntary Prepayment at the address shown on the Note Register maintained by the Note Registrar with copies to the Issuer, the Manager and the Rating Agency.

Any notice mailed as provided in this [Section 6.02](#) shall be conclusively presumed to have been duly given, whether or not the registered owner of such Notes receives the notice.

*Section 6.03. [Reserved]*

*Section 6.04. Cancellation of Notes*

. All Notes which have been paid in full or retired or received by the Indenture Trustee for exchange shall not be reissued but shall be canceled and destroyed in accordance with its customary procedures.

*Section 6.05. Release of Collateral*

. The Indenture Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the Lien created by this Indenture and shall deposit in the Collection Account any funds then on deposit in any other Account. The Indenture Trustee shall release property from the Lien created by this Indenture pursuant to this [Section 6.05](#) only upon receipt by the Indenture Trustee of an Issuer Order accompanied by an Officer's Certificate and an Opinion of Counsel described in Section 314(c)(2) of the Trust Indenture Act of 1939, as amended, and meeting the applicable requirements of [Section 12.02](#).

**ARTICLE VII**

**THE INDENTURE TRUSTEE**

*Section 7.01. Duties of Indenture Trustee*

. (a) If a Responsible Officer of the Indenture Trustee has received notice pursuant to [Section 7.02\(a\)](#), or a Responsible Officer of the Indenture Trustee shall otherwise have actual knowledge that an Event of Default has occurred and is

continuing, the Indenture Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the occurrence and continuance of such an Event of Default:

(i) The Indenture Trustee need perform only those duties that are specifically set forth in this Indenture and any other Transaction Document to which it is a party and no others and no implied covenants or obligations of the Indenture Trustee shall be read into this Indenture or any other Transaction Document.

(ii) In the absence of negligence or bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture or any other Transaction Document. The Indenture Trustee shall, however, examine such certificates and opinions to determine whether they conform on their face to the requirements of this Indenture or any other Transaction Document but the Indenture Trustee shall not be required to determine, confirm or recalculate information contained in such certificates or opinions.

(c) No provision of this Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) This paragraph does not limit the effect of subsection (b) of this Section 7.01.

(ii) The Indenture Trustee shall not be liable in its individual capacity for any action taken or error of judgment made in good faith by a Responsible Officer or other officers of the Indenture Trustee, unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts.

(iii) The Indenture Trustee shall not be personally liable with respect to any action it takes, suffers or omits to take in good faith in accordance with a direction received by it from the Noteholders in accordance with this Indenture or any other Transaction Document or for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture or any other Transaction Document.

(iv) The Indenture Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or otherwise to perfect or to maintain the perfection of any security interest in the Trust Estate or in any item comprising the Conveyed Property.

(d) No provision of this Indenture or any other Transaction Document shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial or other liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any

of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(e) The provisions of subsections (a), (b), (c) and (d) of this Section 7.01 shall apply to any co-trustee or separate trustee appointed by the Issuer and the Indenture Trustee pursuant to Section 7.13.

(f) The Indenture Trustee shall not in any way be held liable by reason of any insufficiency in any Account held by the Indenture Trustee resulting from any loss experienced on any item comprising the Conveyed Property.

(g) In no event shall the Indenture Trustee be required to take any action that conflicts with applicable law, any of the provisions of this Indenture or any other Transaction Document or with the Indenture Trustee's duties hereunder or that adversely affect its rights and immunities hereunder.

(h) In no event shall the Indenture Trustee have any obligations or duties under or have any liabilities whatsoever to Noteholders under ERISA.

(i) The Indenture Trustee shall not make any direct or indirect transfer of the Managing Member Membership Interests except in compliance with the Designated Transfer Restrictions and the Acknowledgements (as determined by the Majority Noteholders of the Controlling Class).

(j) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control and without the fault or negligence of the Indenture Trustee, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities; it being understood that the Indenture Trustee shall resume performance as soon as practicable under the circumstances.

*Section 7.02. Notice of Default, Manager Termination Event or Event of Default; Delivery of Manager Reports*

(a) The Indenture Trustee shall not be required to take notice of or be deemed to have notice or knowledge of any default, Default, Manager Termination Event, Event of Default event or information, or be required to act upon any default, Default, Manager Termination Event, Event of Default, event or information (including the sending of any notice) unless a Responsible Officer of the Indenture Trustee is specifically notified in writing at the address set forth in Section 12.04 or until a Responsible Officer of the Indenture Trustee shall have acquired actual knowledge of a default, Default, a Manager Termination Event, an Event of Default, an event or information and shall have no duty to take any action to determine whether any such default, Default, Manager Termination Event, Event of Default, or event has occurred. In the absence of receipt of such notice or actual knowledge, the Indenture Trustee may conclusively assume that there is no such default, Default, Event of Default, Manager Termination Event or event. If written notice of the existence of a default, a Default, an Event of Default, a Manager Termination Event, an event or information has been delivered to a Responsible Officer of the Indenture Trustee or a Responsible Officer of the Indenture Trustee

has actual knowledge thereof, the Indenture Trustee shall promptly provide paper or electronic notice thereof to the Issuer, the Transition Manager, the Rating Agency and each Noteholder, but in any event, no later than five days after such knowledge or notice occurs.

(b) In the event the Manager does not make available to the Rating Agency all reports of the Manager and all reports to the Noteholders, upon request of the Rating Agency, the Indenture Trustee shall make available promptly after such request, copies of such Manager reports as are in Indenture Trustee's possession to the Rating Agency and the Noteholders.

*Section 7.03. Rights of Indenture Trustee*

(a) The Indenture Trustee may rely and shall be protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Indenture Trustee need not investigate any fact or matter stated in any document. The Indenture Trustee need not investigate or re-calculate, evaluate, certify, verify or independently determine the accuracy of any numerical information, report, certificate, information, statement, representation or warranty or any fact or matter stated in any such document and may conclusively rely as to the truth of the statements and the accuracy of the information therein.

(b) Before the Indenture Trustee takes any action or refrains from taking any action under this Indenture or any other Transaction Document, it may require an Officer's Certificate of the Issuer or an Opinion of Counsel, the costs of which (including the Indenture Trustee's reasonable attorney's fees and expenses) shall be paid by the party requesting that the Indenture Trustee act or refrain from acting. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee shall not be personally liable for any action it takes or omits to take or any action or inaction it believes in good faith to be authorized or within its rights or powers.

(d) The Indenture Trustee shall not be bound to make any investigation into the facts of matters stated in any reports, certificates, payment instructions, opinion, notice, order or other paper or document unless requested in writing by 25% or more of the Noteholders, and such Noteholders have provided to the Indenture Trustee indemnity satisfactory to it.

(e) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of any such agent, attorney, custodian or nominee appointed by it hereunder with due care. The Indenture Trustee may consult with counsel, accountants and other experts and the advice or opinion of counsel, accountants and other experts with respect to legal and other matters relating to any Transaction Document shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with such advice or opinion of counsel.

(f) The Indenture Trustee shall not be required to give any bond or surety with respect to the execution of this Indenture or the powers granted hereunder.

(g) The Indenture Trustee shall not be liable for any action or inaction of the Issuer, the Manager, the Custodian or any other party (or agent thereof) to this Indenture or any Transaction Document and may assume compliance by such parties with their obligations under this Indenture or any other Transaction Document, unless a Responsible Officer of the Indenture Trustee shall have received written notice to the contrary at the Corporate Trust Office of the Indenture Trustee.

(h) The Indenture Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Noteholders, pursuant to the provisions of this Indenture, unless such Noteholders shall have offered to the Indenture Trustee security or indemnity satisfactory to the Indenture Trustee against the costs, expenses and liabilities (including the fees and expenses of the Indenture Trustee's counsel and agents) which may be incurred therein or thereby.

(i) The Indenture Trustee shall have no duty (i) to maintain or monitor any insurance or (ii) to see to the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Trust Estate.

(j) Delivery of any reports, information and documents to the Indenture Trustee provided for herein or any other Transaction Document is for informational purposes only (unless otherwise expressly stated), and the Indenture Trustee's receipt of such or otherwise publicly available shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Manager's or the Issuer's compliance with any of its representations, warranties or covenants hereunder (as to which the Indenture Trustee is entitled to rely exclusively on Officer's Certificates). The Indenture Trustee shall not have actual notice of any default or any other matter unless a Responsible Officer of the Indenture Trustee receives actual written notice of such default or other matter.

(k) The Indenture Trustee does not have any obligation to investigate any matter or exercise any powers vested under this Indenture unless requested in writing by 25% or more of the Noteholders.

(l) Knowledge of the Indenture Trustee shall not be attributed or imputed to Wells Fargo's other roles in the transaction and knowledge of the Transition Manager or the Custodian shall not be attributed or imputed to each other or to the Indenture Trustee (other than those where the roles are performed by the same group or division within Wells Fargo or otherwise share the same Responsible Officers), or any affiliate, line of business, or other division of Wells Fargo (and vice versa).

(m) The right of the Indenture Trustee to perform any permissive or discretionary act enumerated in this Indenture or any related document shall not be construed as a duty.

*Section 7.04. Not Responsible for Recitals, Issuance of Notes or Application of Moneys as Directed*

. The recitals contained herein and in the Notes, except the certificates of

authentication on the Notes, shall be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations with respect to the Trust Estate or as to the validity or sufficiency of the Trust Estate or this Indenture or any other Transaction Document or of the Notes. The Indenture Trustee shall not be accountable for the use or application by the Issuer of the proceeds of the Notes. Subject to Section 7.01(b), the Indenture Trustee shall not be liable to any Person for any money paid to the Issuer upon an Issuer Order, Manager instruction or order or direction provided in a Semi-Annual Manager Report contemplated by this Indenture or any other Transaction Document.

*Section 7.05. May Hold Notes*

. The Indenture Trustee or any agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer or Vivint Solar or any Affiliate of the Issuer or Vivint Solar with the same rights it would have if it were not Indenture Trustee or other agent.

*Section 7.06. Money Held in Trust*

. The Indenture Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer and except to the extent of income or other gain on investments which are obligations of the Indenture Trustee hereunder.

*Section 7.07. Compensation and Reimbursement*

. (a) The Issuer agrees:

(i) to pay the Indenture Trustee, in accordance with and subject to the Priority of Payments, the Indenture Trustee Fee. The Indenture Trustee's compensation shall not be limited by any law with respect to compensation of a trustee of an express trust and the payments to the Indenture Trustee provided by Article V hereto shall constitute payments due with respect to the applicable fee agreement or letter;

(ii) in accordance with and subject to the Priority of Payments, to reimburse the Indenture Trustee upon request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including, but not limited to, the reasonable compensation, expenses and disbursements of its agents and counsel and allocable costs of in house counsel); *provided, however*, in no event shall the Issuer pay or reimburse the Indenture Trustee or the agents or counsel, including in house counsel of either, for any expenses, disbursements and advances incurred or made by the Indenture Trustee in connection with any negligent action or negligent inaction or willful misconduct on the part of the Indenture Trustee;

(iii) to indemnify the Indenture Trustee and its officers, directors, employees and agents for, and to hold them harmless against, any fee, loss, liability, damage, cost or expense (including reasonable attorneys' fees and expenses and court costs) incurred without negligence or bad faith on the part of the Indenture Trustee, to the extent such matters have been determined by a court of competent jurisdiction, arising out of, or in connection with, the acceptance or administration of this trust, including those incurred in connection with any action, claim or suit brought to enforce the indemnification or other obligations of the relevant transaction parties; *provided, however*, that:

(A) with respect to any such claim the Indenture Trustee shall have given the Issuer, the Depositor and the Manager written notice thereof promptly after the Indenture Trustee shall have actual knowledge thereof, *provided*, that failure to notify shall not relieve the parties of their obligations hereunder;

(B) notwithstanding anything to the contrary in this Section 7.07(a)(iii), none of the Issuer, the Depositor or the Manager shall be liable for settlement of any such claim by the Indenture Trustee entered into without the prior consent of the Issuer, the Depositor or the Manager, as the case may be, which consent shall not be unreasonably withheld or delayed; and

(C) the Indenture Trustee, its officers, directors, employees and agents, as a group, shall be entitled to counsel separate from the Issuer, the Depositor and the Manager; to the extent the Issuer's, the Depositor's and the Manager's interests are not adverse to the interests of the Indenture Trustee, its officers, directors, employees or agents, the Indenture Trustee may agree to be represented by the same counsel as the Issuer, the Depositor and the Manager.

Such payment obligations and indemnification shall survive the resignation or removal of the Indenture Trustee as well as the discharge, termination or assignment hereof. The Indenture Trustee's expenses are intended as expenses of administration.

Anything in this Indenture to the contrary notwithstanding, in no event shall the Indenture Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(b) The Indenture Trustee shall, on each Payment Date, in accordance with the Priority of Payments set forth in Section 5.05, deduct payment of its fees and expenses hereunder from moneys in the Collection Account.

(c) The Issuer agrees to assume and to pay, and to indemnify, defend and hold harmless the Indenture Trustee and the Noteholders from any taxes which may at any time be asserted with respect to, and as of the date of, the Grant of the Trust Estate to the Indenture Trustee, including, without limitation, any sales, gross receipts, general corporation, personal property, privilege or license taxes (but with respect to the Noteholders only, not including any federal, State or other taxes arising out of the creation or the issuance of the Notes or payments with respect thereto) and costs (including court costs), expenses and reasonable counsel fees and expenses in defending against the same.

*Section 7.08. Eligibility; Disqualification*

. The Indenture Trustee shall always have a combined capital and surplus as stated in Section 7.09, and shall always be a bank or trust company with corporate trust powers organized under the laws of the United States or any State thereof which is a member of the Federal Reserve System and shall be rated at least "A-" by S&P.

*Section 7.09. Indenture Trustee's Capital and Surplus*

. The Indenture Trustee and/or its parent shall at all times have a combined capital and surplus of at least \$100,000,000. If the

Indenture Trustee publishes annual reports of condition of the type described in Section 310(a)(2) of the Trust Indenture Act of 1939, as amended, its combined capital and surplus for purposes of this Section 7.09 shall be as set forth in the latest such report.

*Section 7.10. Resignation and Removal; Appointment of Successor*

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Section 7.10 shall become effective until the acceptance of appointment by the successor Indenture Trustee under Section 7.11.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer and the Manager. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by the Super-Majority Noteholders of the Controlling Class upon 30 days' prior written notice, delivered to the Indenture Trustee, with copies to the Manager and the Issuer.

(d) (i) If at any time the Indenture Trustee shall cease to be eligible under Section 7.08 or 7.09 or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, with 30 days' prior written notice, the Issuer with the prior written consent of the Super-Majority Noteholders of the Controlling Class, by an Issuer Order, may remove the Indenture Trustee.

(ii) If the Indenture Trustee shall be removed pursuant to Sections 7.10(c) or (d) and no successor Indenture Trustee shall have been appointed pursuant to Section 7.10(e) and accepted such appointment within 30 days of the date of removal, the removed Indenture Trustee may petition any court of competent jurisdiction for appointment of a successor Indenture Trustee acceptable to the Issuer.

(e) If the Indenture Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer, with the prior written consent of the Majority Noteholders of the Controlling Class, by an Issuer Order shall promptly appoint a successor Indenture Trustee.

(f) The Issuer shall give to the Rating Agency and the Noteholders notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee. Each notice shall include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(g) The provisions of this Section 7.10 shall apply to any co-trustee or separate trustee appointed by the Issuer and the Indenture Trustee pursuant to Section 7.13.

*Section 7.11. Acceptance of Appointment by Successor*

(a) Every successor Indenture Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the retiring Indenture Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Indenture Trustee shall become effective and such successor Indenture Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Indenture Trustee. Notwithstanding the foregoing, on request of the Issuer or the successor Indenture Trustee, such retiring Indenture Trustee shall, upon payment of its fees, expenses and other charges, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the retiring Indenture Trustee and shall duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such retiring Indenture Trustee hereunder. Upon request of any such successor Indenture Trustee, the Issuer shall execute and deliver any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

(b) No successor Indenture Trustee shall accept its appointment unless at the time of such acceptance such successor Indenture Trustee shall be qualified and eligible under Sections 7.08 and 7.09.

(c) Notwithstanding the replacement of the Indenture Trustee, the obligations of the Issuer pursuant to Section 7.07(a)(iii) and (c) and the Indenture Trustee's protections under this Article VII shall continue for the benefit of the retiring Indenture Trustee.

*Section 7.12. Merger, Conversion, Consolidation or Succession to Business of Indenture Trustee*

Any corporation or national banking association into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation, bank, trust company or national banking association resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation, bank, trust company or national banking association succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, shall be the successor of the Indenture Trustee hereunder if such corporation, bank, trust company or national banking association shall be otherwise qualified and eligible under Section 7.08 and 7.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall provide the Rating Agency written notice of any such transaction. In case any Notes have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had authenticated such Notes.

*Section 7.13. Co-trustees and Separate Indenture Trustees*

(a) At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, for enforcement actions, and where a conflict of interest exists, the Indenture Trustee shall have power to appoint and, upon the written request of the Indenture Trustee, the Issuer shall for such purpose join with the Indenture Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Indenture Trustee either to act as co-trustee, jointly with the Indenture Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such

property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section 7.13. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Indenture Trustee alone shall have power to make such appointment. Any Person so appointed shall assume the obligations of the Indenture Trustee hereunder in full.

(b) Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

(c) Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms:

(i) The Notes shall be authenticated and delivered and all rights, powers, duties and obligations hereunder with respect to the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Indenture Trustee hereunder, shall be exercised solely by the Indenture Trustee.

(ii) The rights, powers, duties and obligations hereby conferred or imposed upon the Indenture Trustee with respect to any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such co-trustee or separate trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed solely by such co-trustee or separate trustee.

(iii) The Indenture Trustee at any time, by an instrument in writing executed by it, may accept the resignation of, or remove, any co-trustee or separate trustee appointed under this Section 7.13. Upon the written request of the Indenture Trustee, the Issuer shall join with the Indenture Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.13.

(iv) No co-trustee or separate trustee hereunder shall be financially or otherwise liable by reason of any act or omission of the Indenture Trustee, or any other such trustee hereunder, and the Indenture Trustee shall not be financially or otherwise liable by reason of any act or omission of any co-trustee or other such separate trustee hereunder.

(v) Any notice, request or other writing delivered to the Indenture Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

(vi) Any separate trustee or co-trustee may, at any time, constitute the Indenture Trustee, its agent or attorney-in-fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or with respect to this Indenture on its behalf and in its name. The Indenture Trustee shall not be responsible for any action or inaction of any such separate trustee or co-trustee. The Indenture Trustee shall not have any responsibility or liability relating to the appointment of any separate or co-trustee. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estate, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

*Section 7.14. Books and Records*

. The Indenture Trustee agrees to provide to the Noteholders the right during normal business hours upon two days' prior notice in writing to inspect its books and records insofar as the books and records relate to the functions and duties of the Indenture Trustee pursuant to this Indenture.

*Section 7.15. Control*

. Upon the Indenture Trustee being adequately indemnified in writing to its satisfaction, the Majority Noteholders of the Controlling Class shall have the right to direct the Indenture Trustee with respect to any action or inaction by the Indenture Trustee hereunder, the exercise of any trust or power conferred on the Indenture Trustee, or the conduct of any proceeding for any remedy available to the Indenture Trustee with respect to the Notes or the Trust Estate *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture or expose the Indenture Trustee to financial or other liability (for which it has not been adequately indemnified) or be unduly prejudicial to the Noteholders not approving such direction including, but not limited to and without intending to narrow the scope of this limitation, direction to the Indenture Trustee to act or omit to act, directly or indirectly, to amend, hypothecate, subordinate, terminate or discharge any Lien benefiting the Noteholders in the Trust Estate;

(b) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction; and

(c) except as expressly provided otherwise herein (but only with the prior consent of or at the direction of the Majority Noteholders of the Controlling Class), the Indenture Trustee shall have the authority to take any enforcement action which it reasonably deems to be necessary to enforce the provisions of this Indenture.

*Section 7.16. Suits for Enforcement*

. If an Event of Default of which a Responsible Officer of the Indenture Trustee shall have actual knowledge, shall occur and be continuing, the Indenture Trustee may, in its discretion and shall, at the direction of the Majority Noteholders of the Controlling Class (provided that the Indenture Trustee is adequately indemnified in writing to its satisfaction), proceed to protect and enforce its rights and the rights of any Noteholders under this Indenture by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal,

equitable or other remedy as the Indenture Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Indenture Trustee or any Noteholders, but in no event shall the Indenture Trustee be liable for any failure to act in the absence of direction the Majority Noteholders of the Controlling Class.

*Section 7.17. Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations*

. In order to comply with laws, rules and regulations applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with Indenture Trustee. Accordingly, each of the parties agrees to provide to Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable Indenture Trustee to comply with applicable law.

**ARTICLE VIII**

[RESERVED]

**ARTICLE IX**

**EVENT OF DEFAULT**

*Section 9.01. Events of Default*

. The occurrence of any of the following events shall constitute an “*Event of Default*” hereunder:

(a) a default in the payment of any Note Interest (which, for the avoidance of doubt, does not include Class B Deferred Interest or Post-ARD Additional Note Interest) on a Payment Date, which default shall not have been cured after three Business Days;

(b) a default in the payment of the Aggregate Outstanding Note Balance and any Class B Deferred Interest at the Rated Final Maturity;

(c) either (A) a court having jurisdiction in respect of the Issuer enters a decree or order for (1) relief in respect of the Issuer, all Managing Members or all Project Companies under any Applicable Law relating to bankruptcy, restructuring, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect; (2) appointment of a receiver, receiver and manager, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of the Issuer, all Managing Members or all Project Companies; or (3) the winding up or liquidation of the affairs of such Issuer and, in each case, such decree or order shall remain unstayed or such writ or other process shall not have been stayed or dismissed within sixty (60) days from entry thereof; or (B) the Issuer, all Managing Members or all Project Companies, (1) commences a voluntary case under any Applicable Law relating to bankruptcy, restructuring, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect, or consents to the entry of an order for relief in any involuntary case under any such law; (2) consents to the appointment of or taking possession by a receiver, receiver and manager, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of the Issuer, all

Managing Members or all Project Companies or for all or substantially all of the property and assets of the Issuer, all Managing Members or all Project Companies; or (3) effects any general assignment for the benefit of creditors, admits in writing its inability to pay its debts generally as they come due, voluntarily suspends payment of its obligations or becomes insolvent;

(d) the failure of the Issuer to observe or perform in any material respect any covenant or obligation of the Issuer set forth in this Indenture (other than the failure to make any required payment with respect to the Notes), which has not been cured within 30 days from the date of receipt by the Issuer of written notice from the Indenture Trustee (to the extent a Responsible Officer of the Indenture Trustee has received written notice or has actual knowledge thereof) of such breach or default, or the failure of the Issuer to deposit into the Collection Account all amounts held or received by the Issuer required to be deposited therein within three (3) Business Days of the required deposit date;

(e) any representation, warranty or statement of the Issuer (other than representations and warranties as to whether a Host Customer Solar Asset is an Eligible Solar Asset) contained in the Transaction Documents or any report, document or certificate delivered by the Issuer pursuant to the foregoing agreements shall prove to be incorrect in any material respect as of the time when the same shall have been made and, within 30 days after written notice thereof shall have been given to the Indenture Trustee and the Issuer by the Manager, the Indenture Trustee (to the extent a Responsible Officer of the Indenture Trustee has received written notice or has actual knowledge thereof) or by the Majority Noteholders of the Controlling Class, the circumstance or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured (which cure may be effected by payment of an indemnity claim) or waived by the Indenture Trustee, acting at the direction of the Majority Noteholders of the Controlling Class;

(f) the failure for any reason of the Indenture Trustee to have a first priority perfected security interest in the Trust Estate in favor of the Indenture Trustee (subject to Permitted Liens) which is not stayed, released or otherwise cured within ten days of receipt of notice or knowledge thereof;

(g) the Issuer, any Project Company or any Managing Member becomes subject to registration as an "investment company" under the 1940 Act;

(h) the Issuer, any Project Company or any Managing Member becomes taxable as an association (or publicly traded partnership) that is taxable as a corporation for U.S. federal or state income tax purposes;

(i) the failure by Financing Holdings, the Depositor or the Performance Guarantor to pay the Liquidated Damages Amount for a Defective Solar Asset in accordance with the related Contribution Agreement or Performance Guaranty as applicable; or

(j) there shall remain in force, undischarged, unsatisfied, and unstayed for more than 30 consecutive days, any final non-appealable judgment in the amount of \$100,000 or more against the Issuer not covered by insurance.

In the case of any event described in the foregoing subparagraphs, after the applicable grace period set forth in such subparagraphs, if any, the Indenture Trustee shall give written notice to the Noteholders, the Rating Agency, the Manager, the Transition Manager and the Issuer that an Event of Default has occurred as of the date of such notice. The Issuer is required to give the Indenture Trustee written notice of the occurrence of any Event of Default promptly after actual knowledge thereof.

*Section 9.02. Actions of Indenture Trustee*

. If an Event of Default shall have occurred and be continuing hereunder, the Indenture Trustee shall, at the direction of the Super-Majority Noteholders of the Controlling Class, do one of the following:

(a) declare the entire unpaid principal amount of the Notes, all interest accrued and unpaid thereon and all other amounts payable under this Indenture and the other Transaction Documents to be immediately due and payable;

(b) either on its own or through an agent, take possession of and sell the Trust Estate pursuant to Section 9.15, *provided, however*, that neither the Indenture Trustee nor any collateral agent may sell or otherwise liquidate the Trust Estate unless either (i) the proceeds of such sale or liquidation are sufficient to discharge in full the amounts then due and unpaid upon the Notes for principal and accrued interest and the fees and all other amounts required to be paid pursuant to the Priority of Payments or (ii) the Holders of 100% of the Aggregate Outstanding Note Balance consent thereto;

(c) institute proceedings for collection of amounts due on the Notes or under this Indenture by automatic acceleration or otherwise, or if no such acceleration or collection efforts have been made, or if such acceleration or collection efforts have been made, but have been annulled or rescinded, the Indenture Trustee may elect to take possession of the Trust Estate and collect or cause the collection of the proceeds thereof and apply such proceeds in accordance with the applicable provisions of this Indenture;

(d) enforce any judgment obtained and collect any amounts adjudged from the Issuer;

(e) institute any proceedings for the complete or partial foreclosure of the Lien created by the Indenture with respect to the Trust Estate; and

(f) protect the rights of the Indenture Trustee and the Noteholders by taking any appropriate action including exercising any remedy of a secured party under the UCC or any other applicable law.

Notwithstanding the foregoing, upon the occurrence of an Event of Default of the type described in clause (c) of the definition thereof, the entire Aggregate Outstanding Note Balance, all interest accrued and unpaid thereon and all other amounts payable under this Indenture and the other Transaction Documents shall automatically become immediately due and payable.

*Section 9.03. Indenture Trustee May File Proofs of Claim*

. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, composition or other judicial proceeding relative to the Issuer or any other obligor upon the Notes or the property of the Issuer or of such other obligor or their creditors, the Indenture Trustee

(irrespective of whether the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand on the Issuer for the payment of overdue principal or any interest or other amounts) shall, at the written direction of the Majority Noteholders of the Controlling Class, by intervention in such proceeding or otherwise:

(a) file and prove a claim for the whole amount owing and unpaid with respect to the Notes issued hereunder and file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel) and of the Noteholders allowed in such proceeding; and

(b) collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, or sequestrator (or other similar official) in any such proceeding is hereby authorized by each Noteholder to make such payments to the Indenture Trustee and, in the event that the Indenture Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize and consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment, or composition affecting any of the Notes or the rights of any Noteholder thereof, or to authorize the Indenture Trustee to vote with respect to the claim of any Noteholder in any such proceeding.

*Section 9.04. Indenture Trustee May Enforce Claim Without Possession of Notes*

. All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee shall be brought in its own name as trustee for the benefit of the Noteholders, and any recovery of judgment shall be applied first, to the payment of the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and any other amounts due the Indenture Trustee under Section 7.07 (provided that, any indemnification by the Issuer under Section 7.07 shall be paid only in the priority set forth in Section 5.05) and second, for the ratable benefit of the Noteholders for all amounts due to such Noteholders.

*Section 9.05. Knowledge of Indenture Trustee*

. Any references herein to the knowledge, discovery or learning of the Indenture Trustee shall mean and refer to actual knowledge of a Responsible Officer of the Indenture Trustee.

*Section 9.06. Limitation on Suits*

. No Holder of any Note shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless:

(a) such Holder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Majority Noteholders of the Controlling Class shall have made written request to the Indenture Trustee to institute Proceedings with respect to such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Holder or Holders have offered to the Indenture Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Indenture Trustee for 30 days after its receipt of such notice, request and offer of security or indemnity has failed to institute any such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 30-day period by the Majority Noteholders of the Controlling Class;

it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Notes, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

*Section 9.07. Unconditional Right of Noteholders to Receive Principal and Interest*

The Holders of the Notes shall have the right, which is absolute and unconditional, subject to the express terms of this Indenture, to receive payment of principal and interest on such Notes, subject to the respective relative priorities provided for in this Indenture, as such principal and interest becomes due and payable from the Trust Estate and to institute Proceedings for the enforcement of any such payment, and such right shall not be impaired except as expressly permitted herein without the consent of such Holders.

*Section 9.08. Restoration of Rights and Remedies*

If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Indenture Trustee or to such Noteholder, then, and in every case, the Issuer, the Indenture Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

*Section 9.09. Rights and Remedies Cumulative*

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.09, no right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

*Section 9.10. Delay or Omission; Not Waiver*

. No delay or omission of the Indenture Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any acquiescence therein. Every right and remedy given by this Article IX or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

*Section 9.11. Control by Noteholders*

. The Majority Noteholders of the Controlling Class shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee; *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture including, without limitation, any provision hereof which expressly provides for approval by a greater percentage of the aggregate principal amount of all Outstanding Notes;

(b) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction; *provided, however*, that, subject to Section 7.01, the Indenture Trustee need not take any action which a Responsible Officer or Officers of the Indenture Trustee in good faith determines might involve it in personal liability (unless the Indenture Trustee is furnished with the reasonable indemnity referred to in Section 9.11(c)); and

(c) the Indenture Trustee has been furnished reasonable indemnity against costs, expenses and liabilities which it might incur in connection therewith.

*Section 9.12. Waiver of Certain Events by Less Than All Noteholders*

. The Super-Majority Noteholders of the Controlling Class may, on behalf of the Holders of all the Notes, waive any past Default, Event of Default or Manager Termination Event, and its consequences, except:

(a) a Default in the payment of the principal of or interest on any Note, or a Default caused by the Issuer becoming subject to registration as an “investment company” under the 1940 Act, or

(b) with respect to a covenant or provision hereof which under Article X cannot be modified or amended without the consent of the Holder of each Outstanding Note affected.

Upon any such waiver, such Default, Event of Default or Manager Termination Event shall cease to exist, and any Default, Event of Default or Manager Termination Event or other consequence arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default, Event of Default or Manager Termination Event or impair any right consequent thereon.

*Section 9.13. Undertaking for Costs*

. All parties to this Indenture agree, and each Noteholder and each Note Owner by its acceptance of a Note, shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken,

suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this [Section 9.13](#) shall not apply to any suit instituted by the Indenture Trustee or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or interest on any Note on or after the Rated Final Maturity expressed in such Note.

*Section 9.14. Waiver of Stay or Extension Laws*

The Issuer covenants (to the extent that it may lawfully do so) that it will not, at any time, insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

*Section 9.15. Sale of Trust Estate*

(a) The power to effect any sale of any portion of the Trust Estate pursuant to this [Article IX](#) shall not be exhausted by any one or more sales as to any portion of the Trust Estate remaining unsold, but shall continue unimpaired until the entire Trust Estate securing the Notes shall have been sold or all amounts payable on the Notes and under this Indenture with respect thereto shall have been paid. The Indenture Trustee, acting on its own or through an agent, may from time to time postpone any sale by public announcement made at the time and place of such sale.

(b) The Indenture Trustee shall not, in any private sale, sell to a third party the Trust Estate, or any portion thereof unless the Super-Majority Noteholders of the Controlling Class direct the Indenture Trustee, in writing, to make such sale or unless either (i) the proceeds of such sale or liquidation are sufficient to discharge in full the amounts then due and unpaid upon the Notes for principal and accrued interest and the fees and all other amounts required to be paid pursuant the Priority of Payments or (ii) the Holders of 100% of the principal amount of each Class of Notes then Outstanding consent thereto.

(c) The Indenture Trustee or any Noteholder may bid for and acquire any portion of the Trust Estate in connection with a public or private sale thereof, and in lieu of paying cash therefor, any Noteholder may make settlement for the purchase price by crediting against amounts owing on the Notes of such Holder or other amounts owing to such Holder secured by this Indenture, that portion of the net proceeds of such sale to which such Holder would be entitled, after deducting the reasonable costs, charges and expenses incurred by the Indenture Trustee or the Noteholders in connection with such sale. The Notes need not be produced in order to complete any such sale, or in order for the net proceeds of such sale to be credited against the Notes. The Indenture Trustee or the Noteholders may hold, lease, operate, manage or otherwise deal with any property so acquired in any manner permitted by law.

(d) The Indenture Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a sale

thereof. In addition, the Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Trust Estate in connection with a sale thereof, and to take all action necessary to effect such sale. No purchaser or transferee at such a sale shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(e) The method, manner, time, place and terms of any sale of all or any portion of the Trust Estate shall be commercially reasonable.

(f) This Section 9.15 is subject to Section 7.01(i).

*Section 9.16. Action on Notes*

The Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate or upon any of the assets of the Issuer.

**ARTICLE X**

**SUPPLEMENTAL INDENTURES**

*Section 10.01. Supplemental Indentures Without Noteholder Approval*

(a) Provided that (i) the Issuer shall have provided prior written notice to the Rating Agency of such modification, (ii) the Indenture Trustee shall have received a Tax Opinion, and (iii) if requested by the Indenture Trustee, the Indenture Trustee shall (x) have received an opinion that (a) such modification is authorized or permitted under the terms of this Indenture and will not have a material adverse effect on any Noteholder, and (b) that all conditions precedent to the execution of such modification have been satisfied or (y) have received an officer's certificate of the Manager that such modification is authorized or permitted under the terms of this Indenture and will not have a material adverse effect on any Noteholder and the Indenture Trustee shall have received Rating Agency Confirmation with respect to such action (provided that the Issuer shall not be required to obtain Rating Agency Confirmation or the consent of any person with respect to any modification described in clauses (i), (ii) or (iii) below), the Issuer and the Indenture Trustee, when authorized and directed by an Issuer Order, at any time and from time to time, may without the consent of the Noteholders, enter into one or more amendments or indentures supplemental hereto, in form satisfactory to the Indenture Trustee for any of the following purposes:

(i) to correct, amplify or add to the description of any property at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture, or to subject to the Lien of this Indenture additional property;

(ii) to evidence the succession of another Person to either the Issuer or the Indenture Trustee in accordance with the terms hereof, and the assumption by any such successor of the covenants of the Issuer or the Indenture Trustee contained herein and in the Notes;

(iii) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein or to conform the provisions herein to the descriptions set forth in the Offering Circular;

(iv) to add to the covenants of the Issuer or the Indenture Trustee, for the benefit of the Noteholders or to surrender any right or power herein conferred upon the Issuer; or

(v) to effect any matter specified in Section 10.06.

(b) Promptly after the execution by the Issuer and the Indenture Trustee of any amendment or supplemental indenture pursuant to this Section 10.01, the Indenture Trustee shall make available to the Noteholders and the Rating Agency a copy of such supplemental indenture. Any failure of the Indenture Trustee to mail such copy shall not, however, in any way impair or affect the validity of any such amendment or supplemental indenture.

*Section 10.02. Supplemental Indentures with Consent of Noteholders*

(a) With the prior written consent of each Noteholder affected thereby, prior written notice to the Rating Agency and receipt by the Indenture Trustee of a Tax Opinion, the Issuer and the Indenture Trustee, when authorized and directed by an Issuer Order, at any time and from time to time, may enter into an amendment or a supplemental indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Noteholders under this Indenture for the following purposes:

(i) to change the Rated Final Maturity of the principal of any Note, or the due date of any payment of interest on any Note, or reduce the principal amount thereof, or the interest rate thereon, change the place of payment where, or the coin or currency in which any Note or any interest thereon is payable, or impair the right to institute suit for the enforcement of the payment of interest due on any Note on or after the due date thereof or for the enforcement of the payment of the entire remaining unpaid principal amount of any Note on or after the Rated Final Maturity thereof or change any provision of Article VI regarding the amounts payable upon any Voluntary Prepayment of the Notes;

(ii) to reduce the percentage of the Outstanding Note Balance of any Class of Notes, the consent of the Noteholders of which is required to approve any such supplemental indenture; or the consent of the Noteholders of which is required for any waiver of compliance with provisions of this Indenture or Events of Default or Manager Termination Events under this Indenture or under the Management Agreement and their consequences provided for in this Indenture or for any other purpose hereunder;

(iii) to modify any of the provisions of this Section 10.02;

(iv) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(v) to permit the creation of any other Lien with respect to any part of the Trust Estate or terminate the Lien of this Indenture on any property at any time subject hereto or, except with respect to any action which would not have a material adverse effect on any Noteholder (as evidenced by an Opinion of Counsel to such effect), deprive the Noteholder of the security afforded by the Lien of this Indenture.

(b) With the prior written consent of the Majority Noteholders of the Controlling Class, and receipt by the Indenture Trustee of a Tax Opinion, the Issuer and the Indenture Trustee, when authorized and directed by an Issuer Order, at any time and from time to time, may enter into one or more amendments or indentures supplemental hereto, in form and substance satisfactory to the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class) for the purpose of modifying, eliminating or adding to the provisions of this Indenture; provided, that such supplemental indentures shall not have any of the effects described in paragraphs (i) through (v) of Section 10.02(a).

(c) Promptly after the execution by the Issuer and the Indenture Trustee of any amendment or supplemental indenture pursuant to this Section 10.02, the Indenture Trustee shall make available to the Noteholders and the Rating Agency a copy of such supplemental indenture. Any failure of the Indenture Trustee to mail such copy shall not, however, in any way impair or affect the validity of any such supplemental indenture.

(d) Whenever the Issuer or the Indenture Trustee solicits a consent to any amendment or supplement to the Indenture, the Issuer shall fix a record date in advance of the solicitation of such consent for the purpose of determining the Noteholders entitled to consent to such amendment or supplement. Only those Noteholders at such record date shall be entitled to consent to such amendment or supplement whether or not such Noteholders continue to be Holders after such record date.

*Section 10.03. Execution of Amendments and Supplemental Indentures*

. In executing, or accepting the additional trusts created by, any amendment or supplemental indenture permitted by this Article X or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Opinion of Counsel (i) stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and (ii) in accordance with Section 3.06. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

*Section 10.04. Effect of Amendments and Supplemental Indentures*

. Upon the execution of any amendment or supplemental indenture under this Article X, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes which have theretofore been or thereafter are authenticated and delivered hereunder shall be bound thereby.

*Section 10.05. Reference in Notes to Amendments and Supplemental Indentures*

. Notes authenticated and delivered after the execution of any amendment or supplemental indenture pursuant to this Article X may, and if required by the Issuer shall, bear a notation as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

*Section 10.06. Indenture Trustee to Act on Instructions*

. Notwithstanding any provision herein to the contrary (other than Section 10.02), in the event the Indenture Trustee is uncertain as to the intention or application of any provision of this Indenture or any other agreement to which it is a party, or such intention or application is ambiguous as to its purpose or application, or is, or appears to be, in conflict with any other applicable provision thereof, or if this Indenture or any other agreement to which it is a party permits or does not prohibit any determination by the Indenture Trustee, or is silent or incomplete as to the course of action which the Indenture Trustee is required or is permitted or may be permitted to take with respect to a particular set of facts or circumstances, the Indenture Trustee shall, at the expense of the Issuer, be entitled to request and rely upon the following: (a) written instructions of the Issuer directing the Indenture Trustee to take certain actions or refrain from taking certain actions, which written instructions shall contain a certification that the taking of such actions or refraining from taking certain actions is in the best interest of the Noteholders and (b) prior written consent of the Majority Noteholders of the Controlling Class. In such case, the Indenture Trustee shall have no liability to the Issuer or the Noteholders for, and the Issuer shall hold harmless the Indenture Trustee from, any liability, costs or expenses arising from or relating to any action taken by the Indenture Trustee acting upon such instructions, and the Indenture Trustee shall have no responsibility to the Noteholders with respect to any such liability, costs or expenses. The Issuer shall provide a copy of such written instructions to the Rating Agency.

**ARTICLE XI**

[RESERVED]

**ARTICLE XII**

**MISCELLANEOUS**

*Section 12.01. Compliance Certificates and Opinions; Furnishing of Information*

. Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture (except with respect to ordinary course actions under this Indenture and except as otherwise specifically provided in this Indenture), the Issuer, at the request of the Indenture Trustee, shall furnish to the Indenture Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of certificates and Opinions of Counsel are

specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or Opinion of Counsel need be furnished.

*Section 12.02. Form of Documents Delivered to Indenture Trustee*

(a) If several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by outside counsel, unless such Authorized Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion or any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Authorized Officer of any relevant Person, stating that the information with respect to such factual matters is in the possession of such Person, unless such officer or counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous. Any Opinion of Counsel may be based on the written opinion of other counsel, in which event such Opinion of Counsel shall be accompanied by a copy of such other counsel's opinion and shall include a statement to the effect that such counsel believes that such counsel and the Indenture Trustee may reasonably rely upon the opinion of such other counsel.

(c) Where any Person is required to make, give or execute two or more applications, requests, consents, notices, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(d) Wherever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer or the Manager shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's or the Manager's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such notice or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such notice or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in [Section 7.01\(b\)\(ii\)](#).

(e) Wherever in this Indenture it is provided that the absence of the occurrence and continuation of a Default, an Event of Default or a Manager Termination Event is a condition precedent to the taking of any action by the Indenture Trustee at the request or direction of the Issuer, then notwithstanding that the satisfaction of such condition is a condition precedent to the Issuer's or the Indenture Trustee's right to make such request or direction, the Indenture Trustee shall be protected in acting in accordance with such request or direction if a Responsible Officer

of the Indenture Trustee does not have actual knowledge of the occurrence and continuation of such Default, Event of Default or Manager Termination Event.

*Section 12.03. Acts of Noteholders*

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to [Section 7.01](#)) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this [Section 12.03](#).

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a limited liability company or a partnership on behalf of such corporation, limited liability company or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Notes shall bind the Holder of every Note issued upon the registration or transfer thereof or in exchange therefor or in lieu thereof, with respect to anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Notes.

*Section 12.04. Notices, Etc*

Any request, demand, authorization, direction, notice, consent, waiver or act of Noteholders or other documents provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Indenture Trustee by any Noteholder or by the Issuer, shall be in writing and shall be delivered personally or mailed by first-class registered or certified mail, postage prepaid, or by telephonic facsimile transmission and overnight delivery service, postage prepaid, and received by, a Responsible Officer of the Indenture Trustee at its Corporate Trust Office listed below; or

(b) any other Person shall be in writing and shall be delivered personally or by electronic or telephonic facsimile transmission and prepaid overnight delivery service at the address listed below or at any other address subsequently furnished in writing to the Indenture Trustee by the applicable Person.

To the Indenture Trustee: Wells Fargo Bank, National Association  
600 S. 4th Street  
MAC N9300-061  
Minneapolis, MN 55479  
Attention: Corporate Trust Services – Asset Backed  
Administration  
Phone: (612) 667-8058  
Fax: (612) 667-3464

To the Issuer: Vivint Solar Financing V, LLC  
c/o Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Thomas Plagemann  
Email: [thomas.plagemann@vivintsolar.com](mailto:thomas.plagemann@vivintsolar.com)

with a copy to: Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Vivint Solar Legal Department  
Email: [solarlegal@vivintsolar.com](mailto:solarlegal@vivintsolar.com)

To KBRA: Kroll Bond Rating Agency, Inc.  
845 Third Avenue, 4<sup>th</sup> Floor  
New York, NY 10022  
Attention: ABS Surveillance  
Email: [absurveillance@kbra.com](mailto:absurveillance@kbra.com)

Notices delivered to the Rating Agency shall be by electronic delivery to the email address set forth above where information is available in electronic format. In addition, upon the written request of any beneficial owner of a Note, the Indenture Trustee shall provide to such beneficial owner copies of such notices, reports or other information delivered, in one or more of the means requested, by the Indenture Trustee hereunder to other Persons as such beneficial owner may reasonably request.

*Section 12.05. Notices and Reports to Noteholders; Waiver of Notices*

(a) Where this Indenture provides for notice to Noteholders of any event or the mailing of any report to the Noteholders, such notice or report shall be written and shall be sufficiently given (unless otherwise herein expressly provided) if mailed, first-class, postage-prepaid, to each Noteholder affected by such event or to whom such report is required to be mailed or sent via electronic mail, at the address or electronic mail address of such Noteholder as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice or the mailing of such report. In any case where a notice or report to Noteholders is mailed in the manner provided above, neither the failure to mail such notice or report, nor any defect in any notice or report so mailed, to any particular Noteholder shall affect the sufficiency of such notice or report with respect to other Noteholders, and any notice or

report which is mailed in the manner herein provided shall be conclusively presumed to have been duly given or provided.

(b) Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(c) If, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to the Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

(d) The Indenture Trustee shall promptly upon written request furnish to each Noteholder each Semi-Annual Manager Report and, unless directed to do so under any other provision of this Indenture or any other Transaction Document in which case no request shall be necessary), a copy of all reports, financial statements and notices received by the Indenture Trustee pursuant to this Indenture and the other Transaction Documents, but only with the use of a password provided by the Indenture Trustee; *provided, however*, the Indenture Trustee shall have no obligation to provide such information described in this Section 12.05 until it has received the requisite information from the Issuer or the Manager. The Indenture Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor. The Indenture Trustee's internet website will initially be located at [www.CTSLink.com](http://www.CTSLink.com) or at such other address as the Indenture Trustee shall notify the parties to the Indenture from time to time. In connection with providing access to the Indenture Trustee's website, the Indenture Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for the dissemination of information in accordance with this Indenture .

*Section 12.06. Rules by Indenture Trustee*

. The Indenture Trustee may make reasonable rules for any meeting of Noteholders.

*Section 12.07. Issuer Obligation*

. Each of the Indenture Trustee and each Noteholder accepts that the enforceability against the Issuer under this Indenture and under the Notes shall be limited to the assets of the Issuer, whether tangible or intangible, real or person (including the Trust Estate) and the proceeds thereof. No recourse may be taken, directly or indirectly, against (a) any member, manager, officer, employee, trustee, agent or director of the Issuer or of any predecessor of the Issuer, (b) any member, manager, beneficiary, officer, employee, trustee, agent, director or successor or assign of a holder of a member or limited liability company interest in the Issuer, or (c) any incorporator, subscriber to capital stock, stockholder, officer, director, employee or agent of the Indenture Trustee or any predecessor or successor thereof, with respect to the Issuer's obligations with respect to the Notes or any of the statements, representations, covenants, warranties or obligations of the Issuer under this Indenture or any Note or other writing delivered in connection herewith or therewith.

*Section 12.08. Enforcement of Benefits*

. The Indenture Trustee for the benefit of the Noteholders shall be entitled to enforce and, at the written direction of and with indemnity by the Super-Majority Noteholders of the Controlling Class, the Indenture Trustee shall enforce the covenants and agreements of the Manager contained in the Management Agreement, the Transition Manager contained in the Manager Transition Agreement, the Custodian contained in the Custodial Agreement, the Depositor contained in the Depositor Contribution Agreement, Financing Holdings contained in the Holdings Contribution Agreement, the Performance Guaranty contained in the Performance Guaranty and each other Transaction Document.

*Section 12.09. Effect of Headings and Table of Contents*

. The Section and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

*Section 12.10. Successors and Assigns*

. All covenants and agreements in this Indenture by the Issuer and the Indenture Trustee shall bind their respective successors and assigns, whether so expressed or not.

*Section 12.11. Separability*

. If any provision in this Indenture or in the Notes 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. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Indenture, a provision as similar in its terms and purpose to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

*Section 12.12. Benefits of Indenture*

. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any separate trustee or co-trustee appointed under Section 7.13 and the Noteholders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

*Section 12.13. Legal Holidays*

. If the date of any Payment Date or any other date on which principal of or interest on any Note is proposed to be paid or any date on which mailing of notices by the Indenture Trustee to any Person is required pursuant to any provision of this Indenture, shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment or mailing of such notice need not be made on such date, but may be made or mailed on the next succeeding Business Day with the same force and effect as if made or mailed on the nominal date of any such Payment Date or other date for the payment of principal of or interest on any Note, or as if mailed on the nominal date of such mailing, as the case may be, and in the case of payments, no interest shall accrue for the period from and after any such nominal date, *provided* such payment is made in full on such next succeeding Business Day.

*Section 12.14. Governing Law; Jurisdiction; Waiver of Jury Trial*

. (a) This Indenture and each Note shall be construed in accordance with and governed by the substantive laws of the State of New York (including New York General Obligations Laws §§ 5-1401 and 5-1402, but otherwise without regard to conflicts of law provisions thereof, except with regard to the UCC) applicable to agreements made and to be performed therein.

(b) The Parties hereto agree to the non-exclusive jurisdiction of the state and federal courts in New York.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO AND EACH NOTEHOLDER BY ACCEPTANCE OF A NOTE IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION PROCEEDING OR COUNTERCLAIM BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS INDENTURE, ANY OTHER DOCUMENT IN CONNECTION HEREWITH OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

*Section 12.15. Counterparts*

. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. Delivery of an executed counterpart of this Indenture by facsimile or other electronic transmission (i.e., "pdf" or "tif") shall be effective delivery of a manually executed counterpart hereof and deemed an original.

*Section 12.16. Recording of Indenture*

. If this Indenture is subject to recording in any appropriate public recording offices, the Issuer shall effect such recording at its expense in compliance with an Opinion of Counsel to the effect that such recording is necessary either for the protection of the Noteholders or any other person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture or any other Transaction Document.

*Section 12.17. Further Assurances*

. The Issuer agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Indenture Trustee to effect more fully the purposes of this Indenture, including, without limitation, the execution of any financing statements or continuation statements relating to the Trust Estate for filing under the provisions of the UCC of any applicable jurisdiction.

*Section 12.18. No Bankruptcy Petition Against the Issuer*

. The Indenture Trustee agrees (and each Noteholder by its acceptance of the Notes shall be deemed to agree) that, prior to the date that is one year and one day after the payment in full of all amounts payable with respect to the Notes, it will not institute against the Issuer, or join any other Person in instituting against the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under the laws of the United States or any State of the United States. This [Section 12.18](#) shall survive the termination of this Indenture.

*Section 12.19. [Reserved].*

*Section 12.20. Liquidated Damages Demands*

. The Indenture Trustee will promptly notify the Issuer, the Manager and the Depositor of any demand by a Noteholder (or a beneficial owner thereof) made in writing to a Responsible Officer of the Indenture Trustee that the Depositor pay Liquidated Damages Amounts in respect of a Defective Solar Asset, whether on account of a breach of representation or warranty or otherwise. Other than forwarding Noteholder demands in accordance with this [Section 12.20](#), the Indenture Trustee shall have no responsibility for compliance by the Issuer, the Manager or the Depositor with any reporting requirements under federal securities laws with respect to breaches of representations and

warranties and shall not be required to determine whether or not such a breach has occurred or is material .

*Section 12.21. [Reserved].*

*Section 12.22. Tax Treatment Disclosure*

. Any person (and each employee, representative, or other agent of such person) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such person relating to such tax treatment and tax structure.

*Section 12.23. Multiple Roles*

. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association, acting in the multiple roles of Indenture Trustee, the Transition Manager and the Custodian. Wells Fargo Bank, National Association may, in such capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles, or other breach of duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of express duties set forth in this Indenture in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment), bad faith or willful misconduct by Wells Fargo Bank, National Association.

*Section 12.24. PATRIOT Act*

. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements established under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001) and its implementing regulations (collectively, the Patriot Act), the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request from time to time in order to comply with any applicable requirements of the Patriot Act.

**ARTICLE XIII**

**TERMINATION**

*Section 13.01. Termination of Indenture*

. (a) This Indenture shall terminate on or after the Termination Date upon the payment to the Noteholders and the Indenture Trustee of all amounts required to be paid to them pursuant to this Indenture, and the conveyance and transfer of all right, title and interest in and to the property and funds in the Trust Estate to the Issuer. The Manager shall promptly notify the Indenture Trustee in writing of any prospective termination pursuant to this Article XIII.

(b) Notice of any prospective termination, specifying the Payment Date for payment of the final payment and requesting the surrender of the Notes for cancellation, shall be given promptly by the Indenture Trustee by letter to the Noteholders as of the applicable Record Date and the Rating Agency upon the Indenture Trustee receiving written notice of such event from

the Issuer or the Manager. The Issuer or the Manager shall give such notice to the Indenture Trustee not later than the 5th day of the month of the final Payment Date stating (i) the Payment Date upon which final payment of the Notes shall be made, (ii) the amount of any such final payment, and (iii) the location for presentation and surrender of the Notes. Surrender of the Notes that are Definitive Notes shall be a condition of payment of such final payment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture to be duly executed as of the day and year first above written.

VIVINT SOLAR FINANCING V, LLC, as Issuer

By  
Name:  
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as  
Indenture Trustee

By  
Name:  
Title:

AGREED AND ACKNOWLEDGED:

VIVINT SOLAR PROVIDER, LLC,  
as Manager

By  
Name:  
Title:

**SCHEDULE I**  
**SCHEDULE OF SOLAR ASSETS**

[See attached]

**SCHEDULE II**

SCHEDULED HOST CUSTOMER PAYMENTS AND SCHEDULED HEDGED SREC PAYMENTS  
[On file with the Indenture Trustee]

II-1

---

SCHEDULE III

SCHEDULED OUTSTANDING NOTE BALANCE

Payment Date	Class A	Class B
	Scheduled Outstanding Note Balance (\$)	Scheduled Outstanding Note Balance (\$)
Closing Date	400,000,000	66,000,000
October 2018	400,000,000	66,000,000
April 2019	396,958,504	66,000,000
October 2019	396,270,982	66,000,000
April 2020	392,963,184	66,000,000
October 2020	392,563,184	66,000,000
April 2021	390,472,493	66,000,000
October 2021	390,072,493	66,000,000
April 2022	387,582,933	66,000,000
October 2022	385,878,795	66,000,000
April 2023	381,369,931	66,000,000
October 2023	378,564,920	66,000,000
April 2024	373,595,683	66,000,000
October 2024	367,705,532	66,000,000
April 2025	360,510,840	66,000,000
October 2025	353,629,344	66,000,000
April 2026	345,403,164	66,000,000
October 2026	337,472,308	66,000,000
April 2027	328,156,551	66,000,000
October 2027	319,125,807	66,000,000
April 2028	308,650,679	66,000,000
October 2028	298,451,382	66,000,000
April 2029	0	0

**SCHEDULE IV**

**SCHEDULED TAX EQUITY INVESTOR DISTRIBUTIONS**

<b>Year</b>	<b>Tax Equity Investor Distributions (\$)</b>
2018	8,747,814
2019	13,569,854
2020	13,751,893
2021	13,973,389
2022	11,008,035
2023	8,463,049
2024	2,781,028
2025	2,352,934
2026	2,411,321
2027	2,467,206
2028	2,528,336
2029	2,590,534
2030	2,654,038
2031	2,719,507
2032	2,782,476
2033	2,850,991
2034	2,908,960
2035	2,587,309
2036	2,519,032
2037	1,534,240
2038	188,304
2039	0
<b>Total</b>	<b>105,390,250</b>

**Schedule V**

Supplemental Reserve Account Deposit Amounts

	<b>SRA Account Deposit Amount (\$)</b>
Closing Date	3,300,000
October 2018	0
April 2019	1,250,000
October 2019	1,250,000
April 2020	1,250,000
October 2020	1,250,000
April 2021	1,250,000
October 2021	250,000
April 2022	1,500,000
October 2022	1,500,000
April 2023	1,350,000
October 2023	1,250,000
April 2024	0

EXHIBIT A-1

FORM OF CLASS A NOTE

Note Number: [ ]

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ( "DTC" ), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

THIS GLOBAL NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS GLOBAL NOTE OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF \$100,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY

PURCHASER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

[ *FOR REGULATION S TEMPORARY GLOBAL NOTE, ADD THE FOLLOWING:*

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A REGULATION S PERMANENT GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE INDENTURE REFERRED TO HEREIN.]

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM THE SECURITIES DEPOSITORY .

SECTIONS 2.07 AND 2.08 OF THE INDENTURE CONTAIN FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS NOTE. EACH TRANSFEREE OF THIS NOTE, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS NOTE SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY.

EACH NOTEHOLDER OR NOTE OWNER, BY ITS ACCEPTANCE OF THIS NOTE (OR INTEREST THEREIN), COVENANTS AND AGREES THAT SUCH NOTEHOLDER OR NOTE OWNER, AS THE CASE MAY BE, SHALL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE TERMINATION OF THE INDENTURE, ACQUIESCE, PETITION OR OTHERWISE INVOKE OR CAUSE THE ISSUER TO INVOKE THE PROCESS OF ANY COURT OR GOVERNMENTAL AUTHORITY FOR THE PURPOSE OF COMMENCING OR SUSTAINING A CASE AGAINST THE ISSUER UNDER ANY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY, REORGANIZATION OR SIMILAR LAW OR APPOINTING A RECEIVER, LIQUIDATOR, ASSIGNEE, INDENTURE TRUSTEE, CUSTODIAN, SEQUESTRATOR OR OTHER SIMILAR OFFICIAL OF THE ISSUER OR ANY SUBSTANTIAL PART OF ITS PROPERTY, OR ORDERING THE WINDING UP OR LIQUIDATION OF THE AFFAIRS OF THE ISSUER. THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS SECURITY MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE INDENTURE TRUSTEE.

VIVINT SOLAR FINANCING V, LLC  
SOLAR ASSET BACKED NOTES, SERIES 2018-1  
CLASS A NOTE

**GLOBAL NOTE**

ORIGINAL ISSUE DATE	RATED FINAL MATURITY	ISSUE PRICE
June 11, 2018	April 2048	99.967766%

REGISTERED OWNER: CEDE & Co .

INITIAL PRINCIPAL BALANCE : \$400,000,000

CUSIP No. [92854V AA3] [U9229V AA2]

ISIN No. [US92854VAA35] [USU9229VAA27]

THIS CERTIFIES THAT Vivint Solar Financing V, LLC, a Delaware limited liability company (hereinafter called the " *Issuer* "), which term includes any successor entity under the Indenture, dated as of June 11, 2018 (the " *Indenture* "), between the Issuer and Wells Fargo Bank, National Association, as indenture trustee (together with any successor thereto, hereinafter called the " *Indenture Trustee* "), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, subject to the provisions hereof and of the Indenture, (A) interest based on the Interest Accrual Period at the applicable Note Rate defined in the Indenture, on each Payment Date beginning in October 2018 (or, if such day is not a Business Day, the next succeeding Business Day), and (B) principal on each Payment Date in the manner and subject to the Priority of Payments as set forth in the Indenture; provided, however, that the Notes are subject to prepayment as set forth in the Indenture. This note (this " *Class A Note* ") is one of a duly authorized series of Class A Notes of the Issuer designated as its Vivint Solar Financing V, LLC, 4.73% Solar Asset Backed Notes, Series 2018-1, Class A (the " *Class A Notes* "). The Indenture authorizes the issuance of \$400,000,000 in Outstanding Note Balance of Class A Notes and \$66,000,000 in Outstanding Note Balance of Vivint Solar Financing V, LLC, 7.37% Solar Asset Backed Notes, Series 2018-1, Class B (the " *Class B Notes* ", together with the Class A Notes, the " *Notes* "). The Indenture provides that the Notes will be entitled to receive payments in reduction of the Outstanding Note Balance, in the amounts, from the sources, and at the times more specifically as set forth in the Indenture. The Notes are secured by the Trust Estate (as defined in the Indenture).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a statement of the respective rights thereunder of the Issuer, the Indenture Trustee and the Holders of the Notes and the terms upon which the Notes are to be authenticated and delivered. All terms used in this Note which are not defined herein shall have the meanings assigned to them in the Indenture.

THE OBLIGATION OF THE ISSUER TO REPAY THE NOTES IS A LIMITED, NONRECOURSE OBLIGATION SECURED ONLY BY THE TRUST ESTATE . All payments of principal of and interest on

the Class A Notes shall be made only from the Trust Estate, and each Noteholder and each Note Owner hereof, by its acceptance of this Class A Note, agrees that it shall be entitled to payments solely from such Trust Estate pursuant to the terms of the Indenture. The actual Outstanding Note Balance on this Class A Note may be less than the principal balance indicated on the face hereof. The actual Outstanding Note Balance on this Class A Note at any time may be obtained from the Indenture Trustee.

With respect to payment of principal of and interest on the Class A Notes, the Indenture provides the following:

(a) Until fully paid, principal payments on the Class A Notes will be made on each Payment Date in an amount, at the time, and in the manner provided in the Indenture; *provided*, however, that the Notes are subject to prepayment as set forth in the Indenture. The Outstanding Note Balance of each Class A Note shall be payable no later than the Rated Final Maturity thereof unless the Outstanding Note Balance of such Class A Note becomes due and payable at an earlier date pursuant to the Indenture, and in each case such payment shall be made in an amount and in the manner provided in the Indenture.

(b) The Class A Notes shall bear interest on the Outstanding Note Balance of the Class A Notes and accrued but unpaid interest thereon, at the applicable Note Rate. The Note Interest with respect to the Class A Notes shall be payable on each Payment Date to the extent that the Collection Account then contains sufficient amounts to pay such Note Interest pursuant to Section 5.05 of the Indenture. Note Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

All payments of interest and principal on the Class A Notes on the applicable Payment Date shall be paid to the Person in whose name such Class A Note is registered at the close of business on the Record Date for such Payment Date in the manner provided in the Indenture. All reductions in the Outstanding Note Balance of a Class A Note (or one or more Predecessor Notes) effected by full or partial payments of installments of principal shall be binding upon all past, then current, and future Holders of such Class A Note and of any Class A Note issued upon the registration of transfer thereof or in exchange thereof or in lieu thereof, whether or not such payment is noted on such Class A Note.

The Rated Final Maturity of the Notes is the Payment Date in April 2048 unless the Notes are earlier prepaid in whole or accelerated pursuant to the Indenture. The Indenture Trustee shall pay to each Class A Noteholder of record on the preceding Record Date either (i) by wire transfer, in immediately available funds to the account of such Class A Noteholder at a bank or other entity having appropriate facilities therefor, if such Class A Noteholder shall have provided to the Indenture Trustee appropriate written instructions at least five Business Days prior to the related Payment Date (which instructions may remain in effect for subsequent Payment Dates unless revoked by the Class A Noteholder), or (ii) if not, by check mailed to such Class A Noteholder at the address of such Class A Noteholder appearing in the Note Register, the amounts to be paid to such Class A Noteholder pursuant to such Class A Noteholder's Notes; provided, that so long as the Class A Notes are registered in the name of the Securities Depository such payments shall be made to the nominee thereof in immediately available funds.

THE CLASS A NOTES SHALL BE SUBJECT TO VOLUNTARY PREPAYMENT AT THE OPTION OF THE ISSUER IN THE MANNER AND SUBJECT TO THE PROVISIONS OF THE INDENTURE . Whenever by the terms of the Indenture, the Indenture Trustee is required to prepay the Class A Notes, and subject to and in accordance with the terms of Article VI of the Indenture, the Indenture Trustee shall give notice of the prepayment in the manner prescribed by the Indenture.

Subject to certain restrictions contained in the Indenture, (i) the Class A Notes are issuable in the minimum denomination of \$100,000 and in integral multiples of \$1,000 in excess thereof (*provided* , that one Class A Note may be issued in an additional amount equal to any remaining portion of the Initial Outstanding Note Balance) and (ii) the Class A Notes may be exchanged for a like aggregate principal amount of Class A Notes of authorized denominations of the same maturity.

The final payment on any Definitive Note shall be made only upon presentation and surrender of the Note at the Corporate Trust Office of the Indenture Trustee.

The Class A Noteholders shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Class A Notes may be exchanged, and their transfer may be registered, by the Noteholders in person or by their attorneys duly authorized in writing at the Corporate Trust Office of the Indenture Trustee only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of the Class A Notes. Upon exchange or registration of such transfer, a new registered Class A Note or Notes evidencing the same outstanding principal amount will be executed in exchange therefor.

All amounts collected as payments on the Trust Estate or otherwise shall be applied in the order of priority specified in the Indenture.

Each Person who has or who acquires any Ownership Interest in a Class A Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of the Indenture. A Noteholder may not sell, offer for sale, assign, pledge, hypothecate or otherwise transfer or encumber all or any part of its interest in the Class A Notes except pursuant to an effective registration statement covering such transaction under the Securities Act of 1933, as amended, and effective qualification or registration under all applicable State securities laws and regulations or under an exemption from registration under said Securities Act and said State securities laws and regulations.

[ *Add the following for Rule 144A Global Notes :*

Interests in this Class A Note may be exchanged for an interest in the corresponding Regulation S Temporary Global Note or Regulation S Global Note, in each case subject to the restrictions specified in the Indenture.]

[ Add the following for Regulation S Temporary Global Notes :

Interests in this Class A Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.

On or after the 40<sup>th</sup> day after the later of the Closing Date and the commencement of the offering of the Notes, interests in this Regulation S Temporary Global Note may be exchanged (free of charge) for interests in a Regulation S Permanent Global Note. The Regulation S Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Regulation S Temporary Global Note in respect of which there shall have been presented to DTC by Euroclear or Clearstream a certification to the effect that it has received from or in respect of a person entitled to an interest (as shown by its records) a certification that the beneficial interests in such Regulation S Temporary Global Note are owned by persons who are not U.S. persons (as defined in Regulation S.)

[ Add the following for Regulation S Permanent Global Notes :

Interests in this Class A Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.]

In addition, each Person who has or who acquires any Ownership Interest in a Class A Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of Section 12.18 of the Indenture. Prior to the date that is one year and one day after the payment in full of all amounts payable with respect to the Class A Notes, each Person who has or acquires an Ownership Interest in a Class A Note agrees that such Person will not institute against the Issuer, or join any other Person in instituting against the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under the laws of the United States or any State of the United States. This covenant shall survive the termination of the Indenture.

Before the due presentment for registration of transfer of this Class A Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the person in whose name this Class A Note is registered (i) on any Record Date for purposes of making payments, and (ii) on any other date for any other purpose, as the owner hereof, whether or not this Class A Note be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits the amendment thereof for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Noteholders under the Indenture at any time by the Issuer and the Indenture Trustee (and, in some cases, only with the consent of the Noteholder affected thereby) and compliance with certain other conditions. Any such consent by the Holder, at the time of the giving thereof, of this Class A Note (or any one or more Predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A Note and of any Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Class A Note.

The Class A Notes and all obligations with respect thereto, including obligations under the Indenture, will be limited recourse obligations of the Issuer payable solely from the Trust Estate. Neither the Issuer, the Depositor, the Manager, the Transition Manager, the Custodian, the Note Registrar, the Indenture Trustee in its individual capacity or in its capacity as Indenture Trustee, nor any of their respective Affiliates, agents, partners, beneficiaries, officers, directors, stockholders, stockholders of partners, employees or successors or assigns, shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture. Without limiting the foregoing, each Holder of any Class A Note by its acceptance thereof, and the Indenture Trustee, shall be deemed to have agreed (i) that it shall look only to the Trust Estate to satisfy the Issuer's obligations under or with respect to a Class A Note or the Indenture, including but not limited to liabilities under Article V of the Indenture and liabilities arising (whether at common law or equity) from breaches by the Issuer of any obligations, covenants and agreements herein or, to the extent enforceable, for any violation by the Issuer of applicable State or federal law or regulation, *provided* that, the Issuer shall not be relieved of liability hereunder with respect to any misrepresentation in the Indenture or any Transaction Document, or fraud, of the Issuer, and (ii) to waive any rights it may have to obtain a deficiency or other monetary judgment against either the Issuer or any of its principals, directors, officers, beneficial owners, employees or agents (whether disclosed or undisclosed) or their respective assets (other than the Trust Estate). The foregoing provisions of this paragraph shall not (i) prevent recourse to the Trust Estate or any Person (other than the Issuer) for the sums due or to become due under any security, instrument or agreement which is part of the Trust Estate, (ii) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Class A Notes or secured by the Indenture, but the same shall continue until paid or discharged, or (iii) prevent the Indenture Trustee from exercising its rights with respect to the Grant, pursuant to the Indenture, of the Issuer's rights under the Transaction Documents. It is further understood that the foregoing provisions of this paragraph shall not limit the right of any Person to name the Indenture Trustee in its capacity as Indenture Trustee under the Indenture or the Issuer as a party defendant in any action or suit or in the exercise of any remedy under the Notes or the Indenture, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced. It is expressly understood that all such liability is hereby expressly waived and released to the extent provided herein as a condition of, and as a consideration for, the execution of the Indenture and the issuance of the Notes.

The remedies of the Holder of this Class A Note as provided herein, in the Indenture or in the other Transaction Documents, shall be cumulative and concurrent and may be pursued solely against the assets of the Trust Estate. No failure on the part of the Noteholder in exercising any right or remedy hereunder shall operate as a waiver or release thereof, nor shall any single or partial exercise of any such right or remedy preclude any other further exercise thereof or the exercise of any other right or remedy hereunder.

The Class A Notes are issuable only in registered form in denominations as provided in the Indenture and subject to certain limitations therein set forth. At the option of the Class A Noteholder, Class A Notes may be exchanged for Class A Notes of like terms, in any authorized denominations and of like aggregate principal amount, upon surrender of the Notes to be exchanged at the Corporate Trust Office of the Indenture Trustee, subject to the terms and conditions of the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Indenture Trustee, for the provisions, among others, with respect to (i) the nature and extent of the rights, duties and obligations of the Indenture Trustee, the Issuer and the Class A Noteholders; (ii) the terms upon which the Class A Notes are executed and delivered; (iii) the collection and disposition of payments or proceeds in respect of the Conveyed Property; (iv) a description of the Trust Estate; (v) the modification or amendment of the Indenture; (vi) other matters; and (vii) the definition of capitalized terms used in this Class A Note that are not defined herein; to all of which the Class A Noteholders and Note Owners assent by the acceptance of the Class A Notes.

**THIS CLASS A NOTE IS ISSUED PURSUANT TO THE INDENTURE AND IT AND THE INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS (INCLUDING, WITHOUT LIMITATION, §5-1401 AND §5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS).**

**REFERENCE IS HEREBY MADE TO THE PROVISIONS OF THE INDENTURE AND SUCH PROVISIONS ARE HEREBY INCORPORATED BY REFERENCE AS IF FULLY SET FORTH HEREIN.**

Unless the certificate of authentication hereon has been executed by the Indenture Trustee by manual signature, this Class A Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed as of the date set forth below.

VIVINT SOLAR FINANCING V, LLC, as Issuer

By

Name: Thomas Plagemann  
Title: Chief Commercial Officer

A-1-9

---

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A Notes referred to in the within-mentioned Indenture.

Dated:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as  
Indenture Trustee

By

Name:  
Title:

A-1-10

---

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR  
TAXPAYER IDENTIFICATION NUMBER  
OF ASSIGNEE)

\_\_\_\_\_

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

\_\_\_\_\_  
the within Note, and all rights thereunder, and hereby does irrevocably constitute and appoint

\_\_\_\_\_  
Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever. The signature should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Indenture Trustee.

EXHIBIT A-2

FORM OF CLASS B NOTE

Note Number: [ ]

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ( "DTC" ), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

THIS GLOBAL NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR ANY INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF \$750,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY

PURCHASER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

[ *FOR REGULATION S TEMPORARY GLOBAL NOTE, ADD THE FOLLOWING:*

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A REGULATION S PERMANENT GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE INDENTURE REFERRED TO HEREIN.]

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM THE SECURITIES DEPOSITORY.

SECTIONS 2.07 AND 2.08 OF THE INDENTURE CONTAIN FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS NOTE. EACH TRANSFEREE OF THIS NOTE, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS NOTE SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY.

EACH NOTEHOLDER OR NOTE OWNER, BY ITS ACCEPTANCE OF THIS NOTE (OR INTEREST THEREIN), COVENANTS AND AGREES THAT SUCH NOTEHOLDER OR NOTE OWNER, AS THE CASE MAY BE, SHALL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE TERMINATION OF THE INDENTURE, ACQUIESCE, PETITION OR OTHERWISE INVOKE OR CAUSE THE ISSUER TO INVOKE THE PROCESS OF ANY COURT OR GOVERNMENTAL AUTHORITY FOR THE PURPOSE OF COMMENCING OR SUSTAINING A CASE AGAINST THE ISSUER UNDER ANY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY, REORGANIZATION OR SIMILAR LAW OR APPOINTING A RECEIVER, LIQUIDATOR, ASSIGNEE, INDENTURE TRUSTEE, CUSTODIAN, SEQUESTRATOR OR OTHER SIMILAR OFFICIAL OF THE ISSUER OR ANY SUBSTANTIAL PART OF ITS PROPERTY, OR ORDERING THE WINDING UP OR LIQUIDATION OF THE AFFAIRS OF THE ISSUER. THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS SECURITY MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE INDENTURE TRUSTEE.

THE RIGHT TO PAYMENT OF PRINCIPAL AND INTEREST OF THIS NOTE IS SUBJECT TO THE RIGHT OF PAYMENT OF PRINCIPAL AND INTEREST OF THE CLASS A NOTES AS MORE FULLY DESCRIBED IN THE INDENTURE REFERRED TO HEREIN.

VIVINT SOLAR FINANCING V, LLC  
SOLAR ASSET BACKED NOTES, SERIES 2018-1  
CLASS B NOTE

GLOBAL NOTE

ORIGINAL ISSUE DATE	RATED FINAL MATURITY	ISSUE PRICE
June 11, 2018	April 2048	99.991504%

REGISTERED OWNER: CEDE & Co .

INITIAL PRINCIPAL BALANCE : \$66,000,000

CUSIP No. [92854V AB1] [U9229V AB0]

ISIN No. [US92854VAB18] [USU9229VAB00]

THIS CERTIFIES THAT Vivint Solar Financing V, LLC, a Delaware limited liability company (hereinafter called the “*Issuer*”), which term includes any successor entity under the Indenture, dated as of June 11, 2018 (the “*Indenture*”), between the Issuer and Wells Fargo Bank, National Association, as indenture trustee (together with any successor thereto, hereinafter called the “*Indenture Trustee*”), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, subject to the provisions hereof and of the Indenture, (A) interest based on the Interest Accrual Period at the applicable Note Rate defined in the Indenture, on each Payment Date beginning in October 2018 (or, if such day is not a Business Day, the next succeeding Business Day), and (B) principal on each Payment Date after the Outstanding Note Balance of the Class A Notes has been reduced to zero in the manner and subject to the Priority of Payments as set forth in the Indenture; *provided, however*, that the Notes are subject to prepayment as set forth in the Indenture. This note (this “*Class B Note*”) is one of a duly authorized series of Class B Notes of the Issuer designated as its Vivint Solar Financing V, LLC, 7.37% Solar Asset Backed Notes, Series 2018-1, Class B (the “*Class B Notes*”). The Indenture authorizes the issuance of \$66,000,000 in Outstanding Note Balance of Class B Notes and \$400,000,000 in Outstanding Note Balance of Vivint Solar Financing V, LLC, 4.73% Solar Asset Backed Notes, Series 2018-1, Class A (the “*Class A Notes*”, together with the Class B Notes, the “*Notes*”). The Indenture provides that the Notes will be entitled to receive payments in reduction of the Outstanding Note Balance, in the amounts, from the sources, and at the times more specifically as set forth in the Indenture. The Notes are secured by the Trust Estate (as defined in the Indenture).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a statement of the respective rights thereunder of the Issuer, the Indenture Trustee and the Holders of the Notes and the terms upon which the Notes are to be authenticated and delivered. All terms used in this Note which are not defined herein shall have the meanings assigned to them in the Indenture.

THE OBLIGATION OF THE ISSUER TO REPAY THE NOTES IS A LIMITED, NONRECOURSE OBLIGATION SECURED ONLY BY THE TRUST ESTATE . All payments of principal of and interest on

the Class B Notes shall be made only from the Trust Estate, and each Noteholder and Note Owner, by its acceptance of this Class B Note, agrees that it shall be entitled to payments solely from such Trust Estate pursuant to the terms of the Indenture. The actual Outstanding Note Balance on this Class B Note may be less than the principal balance indicated on the face hereof. The actual Outstanding Note Balance on this Class B Note at any time may be obtained from the Indenture Trustee.

With respect to payment of principal of and interest on the Class B Notes, the Indenture provides the following:

(a) Until fully paid, principal payments on the Class B Notes will be made on each Payment Date after the Outstanding Note Balance of the Class A Notes has been reduced to zero in an amount, at the time, and in the manner provided in the Indenture *provided, however*, that the Notes are subject to prepayment as set forth in the Indenture. The Outstanding Note Balance of each Class B Note shall be payable no later than the Rated Final Maturity thereof unless the Outstanding Note Balance of such Class B Note becomes due and payable at an earlier date pursuant to the Indenture, and in each case such payment shall be made in an amount and in the manner provided in the Indenture.

(b) The Class B Notes shall bear interest on the Outstanding Note Balance of the Class B Notes and accrued but unpaid interest thereon, at the applicable Note Rate. The Note Interest with respect to the Class B Notes shall be payable on each Payment Date to the extent that the Collection Account then contains sufficient amounts to pay such Note Interest pursuant to Section 5.05 of the Indenture. Note Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

All payments of interest and principal on the Class B Notes on the applicable Payment Date shall be paid to the Person in whose name such Class B Note is registered at the close of business on the Record Date for such Payment Date in the manner provided in the Indenture. All reductions in the Outstanding Note Balance of a Class B Note (or one or more Predecessor Notes) effected by full or partial payments of installments of principal shall be binding upon all past, then current, and future Holders of such Class B Note and of any Class B Note issued upon the registration of transfer thereof or in exchange thereof or in lieu thereof, whether or not such payment is noted on such Class B Note.

The Rated Final Maturity of the Notes is the Payment Date in April 2048 unless the Notes are earlier prepaid in whole or accelerated pursuant to the Indenture. The Indenture Trustee shall pay to each Class B Noteholder of record on the preceding Record Date either (i) by wire transfer, in immediately available funds to the account of such Class B Noteholder at a bank or other entity having appropriate facilities therefor, if such Class B Noteholder shall have provided to the Indenture Trustee appropriate written instructions at least five Business Days prior to the related Payment Date (which instructions may remain in effect for subsequent Payment Dates unless revoked by the Class B Noteholder), or (ii) if not, by check mailed to such Class B Noteholder at the address of such Class B Noteholder appearing in the Note Register, the amounts to be paid to such Class B Noteholder pursuant to such Class B Noteholder's Notes; *provided*, that so long as the Class B Notes are registered in the name of the Securities Depository such payments shall be made to the nominee thereof in immediately available funds.

THE CLASS B NOTES SHALL BE SUBJECT TO VOLUNTARY PREPAYMENT AT THE OPTION OF THE ISSUER IN THE MANNER AND SUBJECT TO THE PROVISIONS OF THE INDENTURE . Whenever by the terms of the Indenture, the Indenture Trustee is required to prepay the Class B Notes, and subject to and in accordance with the terms of Article VI of the Indenture, the Indenture Trustee shall give notice of the prepayment in the manner prescribed by the Indenture.

Subject to certain restrictions contained in the Indenture, (i) the Class B Notes are issuable in the minimum denomination of \$750,000 and in integral multiples of \$1,000 in excess thereof (*provided*, that one Class B Note may be issued in an additional amount equal to any remaining portion of the Initial Outstanding Note Balance) and (ii) the Class B Notes may be exchanged for a like aggregate principal amount of Class B Notes of authorized denominations of the same maturity.

The final payment on any Definitive Note shall be made only upon presentation and surrender of the Note at the Corporate Trust Office of the Indenture Trustee.

The Class B Noteholders shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Class B Notes may be exchanged, and their transfer may be registered, by the Noteholders in person or by their attorneys duly authorized in writing at the Corporate Trust Office of the Indenture Trustee only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of the Class B Notes. Upon exchange or registration of such transfer, a new registered Class B Note or Notes evidencing the same outstanding principal amount will be executed in exchange therefor.

All amounts collected as payments on the Trust Estate or otherwise shall be applied in the order of priority specified in the Indenture.

Each Person who has or who acquires any Ownership Interest in a Class B Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of the Indenture. A Noteholder may not sell, offer for sale, assign, pledge, hypothecate or otherwise transfer or encumber all or any part of its interest in the Class B Notes except pursuant to an effective registration statement covering such transaction under the Securities Act of 1933, as amended, and effective qualification or registration under all applicable State securities laws and regulations or under an exemption from registration under said Securities Act and said State securities laws and regulations.

[ *Add the following for Rule 144A Global Notes :*

Interests in this Class B Note may be exchanged for an interest in the corresponding Regulation S Temporary Global Note or Regulation S Permanent Global Note, in each case subject to the restrictions specified in the Indenture.]

[ Add the following for Regulation S Temporary Global Notes :

Interests in this Class B Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.

On or after the 40<sup>th</sup> day after the later of the Closing Date and the commencement of the offering of the Notes, interests in this Regulation S Temporary Global Note may be exchanged (free of charge) for interests in a Regulation S Permanent Global Note. The Regulation S Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Regulation S Temporary Global Note in respect of which there shall have been presented to DTC by Euroclear or Clearstream a certification to the effect that it has received from or in respect of a person entitled to an interest (as shown by its records) a certification that the beneficial interests in such Regulation S Temporary Global Note are owned by persons who are not U.S. persons (as defined in Regulation S.)

[ Add the following for Regulation S Permanent Global Notes :

Interests in this Class B Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.]

In addition, each Person who has or who acquires any Ownership Interest in a Class B Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of Section 12.18 of the Indenture. Prior to the date that is one year and one day after the payment in full of all amounts payable with respect to the Class B Notes, each Person who has or acquires an Ownership Interest in a Class B Note agrees that such Person will not institute against the Issuer, or join any other Person in instituting against the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under the laws of the United States or any State of the United States. This covenant shall survive the termination of the Indenture.

Before the due presentment for registration of transfer of this Class B Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the person in whose name this Class B Note is registered (i) on any Record Date for purposes of making payments, and (ii) on any other date for any other purpose, as the owner hereof, whether or not this Class B Note be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits the amendment thereof for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Noteholders under the Indenture at any time by the Issuer and the Indenture Trustee (and, in some cases, only with the consent of the Noteholder affected thereby) and compliance with certain other conditions. Any such consent by the Holder, at the time of the giving thereof, of this Class B Note (or any one or more Predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class B Note and of any Class B Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Class B Note.

The Class B Notes and all obligations with respect thereto, including obligations under the Indenture, will be limited recourse obligations of the Issuer payable solely from the Trust Estate. Neither the Issuer, the Depositor, the Manager, the Transition Manager, the Custodian, the Note Registrar, the Indenture Trustee in its individual capacity or in its capacity as Indenture Trustee, nor any of their respective Affiliates, agents, partners, beneficiaries, officers, directors, stockholders, stockholders of partners, employees or successors or assigns, shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture. Without limiting the foregoing, each Noteholder and each Note Owner of any Class B Note by its acceptance thereof, and the Indenture Trustee, shall be deemed to have agreed (i) that it shall look only to the Trust Estate to satisfy the Issuer's obligations under or with respect to a Class B Note or the Indenture, including but not limited to liabilities under Article V of the Indenture and liabilities arising (whether at common law or equity) from breaches by the Issuer of any obligations, covenants and agreements herein or, to the extent enforceable, for any violation by the Issuer of applicable State or federal law or regulation, *provided* that, the Issuer shall not be relieved of liability hereunder with respect to any misrepresentation in the Indenture or any Transaction Document, or fraud, of the Issuer, and (ii) to waive any rights it may have to obtain a deficiency or other monetary judgment against either the Issuer or any of its principals, directors, officers, beneficial owners, employees or agents (whether disclosed or undisclosed) or their respective assets (other than the Trust Estate). The foregoing provisions of this paragraph shall not (i) prevent recourse to the Trust Estate or any Person (other than the Issuer) for the sums due or to become due under any security, instrument or agreement which is part of the Trust Estate, (ii) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Class B Notes or secured by the Indenture, but the same shall continue until paid or discharged, or (iii) prevent the Indenture Trustee from exercising its rights with respect to the Grant, pursuant to the Indenture, of the Issuer's rights under the Transaction Documents. It is further understood that the foregoing provisions of this paragraph shall not limit the right of any Person to name the Indenture Trustee in its capacity as Indenture Trustee under the Indenture or the Issuer as a party defendant in any action or suit or in the exercise of any remedy under the Notes or the Indenture, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced. It is expressly understood that all such liability is hereby expressly waived and released to the extent provided herein as a condition of, and as a consideration for, the execution of the Indenture and the issuance of the Notes.

The remedies of the Holder of this Class B Note as provided herein, in the Indenture or in the other Transaction Documents, shall be cumulative and concurrent and may be pursued solely against the assets of the Trust Estate. No failure on the part of the Noteholder in exercising any right or remedy hereunder shall operate as a waiver or release thereof, nor shall any single or partial exercise of any such right or remedy preclude any other further exercise thereof or the exercise of any other right or remedy hereunder.

The Class B Notes are issuable only in registered form in denominations as provided in the Indenture and subject to certain limitations therein set forth. At the option of the Class B Noteholder, Class B Notes may be exchanged for Class B Notes of like terms, in any authorized denominations and of like aggregate principal amount, upon surrender of the Notes to be exchanged at the Corporate Trust Office of the Indenture Trustee, subject to the terms and conditions of the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Indenture Trustee, for the provisions, among others, with respect to (i) the nature and extent of the rights, duties and obligations of the Indenture Trustee, the Issuer and the Class B Noteholders; (ii) the terms upon which the Class B Notes are executed and delivered; (iii) the collection and disposition of payments or proceeds in respect of the Conveyed Property; (iv) a description of the Trust Estate; (v) the modification or amendment of the Indenture; (vi) other matters; and (vii) the definition of capitalized terms used in this Class B Note that are not defined herein; to all of which the Class B Noteholders and Note Owners assent by the acceptance of the Class B Notes.

THIS CLASS B NOTE IS ISSUED PURSUANT TO THE INDENTURE AND IT AND THE INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS (INCLUDING, WITHOUT LIMITATION, §5-1401 AND §5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS).

REFERENCE IS HEREBY MADE TO THE PROVISIONS OF THE INDENTURE AND SUCH PROVISIONS ARE HEREBY INCORPORATED BY REFERENCE AS IF FULLY SET FORTH HEREIN.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee by manual signature, this Class B Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed as of the date set forth below.

VIVINT SOLAR FINANCING V, LLC, as Issuer

By

Name: Thomas Plagemann  
Title: Chief Commercial Officer

A-2-9

---

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class B Notes referred to in the within-mentioned Indenture.

Dated:

WELLS FARGO BANK NATIONAL ASSOCIATION, as  
Indenture Trustee

By

Name:  
Title:

A-2-10

---

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR  
TAXPAYER IDENTIFICATION NUMBER  
OF ASSIGNEE)

\_\_\_\_\_

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

\_\_\_\_\_  
the within Note, and all rights thereunder, and hereby does irrevocably constitute and appoint

\_\_\_\_\_  
Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever. The signature should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Indenture Trustee.

EXHIBIT B-1

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER  
FROM RULE 144A GLOBAL NOTE  
TO REGULATION S GLOBAL NOTE

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Re: Vivint Solar Financing V, LLC

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 11, 2018 (the “*Indenture*”), by and among Vivint Solar Financing V, LLC (the “*Issuer*”) and Wells Fargo Bank, National Association, as indenture trustee (in such capacity, the “*Indenture Trustee*”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ][ ] aggregate Outstanding Note Balance of Class [A][B] Notes (the “*Notes*”) which in the form of the Rule 144A Global Note (CUSIP No. [ ]) in the name of [insert name of transferor] (the “*Transferor*”). The Transferor has requested a transfer of such beneficial interest for an interest in the Regulation S Global Note (CUSIP No. [ ]) to be held with [Euroclear] [Clearstream]\* (Common Code No. [ ]) through the Securities Depository.

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and [(i) with respect to transfers made]\*\* pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended (the “*Securities Act*”), and accordingly the Transferor does hereby certify that:

- (1) the offer of the Notes was not made to a person in the United States,
- (2) [at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was

\* Select appropriate depository.

\*\* To be included only after the 40-day distribution compliance period.

outside the United States] [the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States]. \*\*\*

- (3) [the transferee is not a U.S. Person within the meaning of Rule 902(k) of Regulation S nor a Person acting for the account or benefit of a U.S. Person.]\*\*\*\*
- (4) no directed selling efforts have been made in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable,
- (5) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and
- (6) upon completion of the transaction, the beneficial interest being transferred as described above will be held with the Securities Depository through [Euroclear] [Clearstream]. \*\*\*\*\*

[or (ii) with respect to transfers made in reliance on Rule 144 under the Securities Act, the Transferor does hereby certify that the Notes being transferred are eligible for resale by the Transferor pursuant to Rule 144(b)(1) under the Securities Act.]\*\*\*\*\*

---

\*\*\* Insert one of these two provisions, which come from the definition of "offshore transaction" in Regulation S.  
\*\*\*\* To be included only during the 40-day distribution compliance period.  
\*\*\*\*\* Appropriate depository required for transfers prior to the end of the 40-day distribution compliance period.  
\*\*\*\*\* To be included only after the 40-day distribution compliance period.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee and the Manager.

[Insert Name of Transferor]

By: \_\_\_\_\_  
Name:  
Title:  
Dated:

EXHIBIT B-2

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER  
FROM REGULATION S GLOBAL NOTE  
TO RULE 144A GLOBAL NOTE

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Re: Vivint Solar Financing V, LLC

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 11, 2018 (the “*Indenture*”), by and among Vivint Solar Financing V, LLC (the “*Issuer*”) and Wells Fargo Bank, National Association, as indenture trustee (in such capacity, the “*Indenture Trustee*”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ] aggregate Outstanding Note Balance of Class [A][B] Notes (the “*Notes*”) which are held in the form of the Regulation S Global Note (CUSIP No. [ ]) with [Euroclear] [Clearstream]\* (Common Code No. [ ]) through the Securities Depository in the name of [insert name of transferor] (the “*Transferor*”). The Transferor has requested a transfer of such beneficial interest in the Notes for an interest in the Regulation 144A Global Note (CUSIP No. [ ]).

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture, and (ii) (A) Rule 144A under the Securities Act to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a “qualified institutional buyer” (“*QIB*”) within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction or (B) to a QIB pursuant to another applicable exemption from the registration requirements under the Securities Act; provided that an Opinion of Counsel confirming the applicability of the exemption claimed shall have been delivered to the Issuer and the Indenture Trustee in a form reasonably acceptable to them.

\* \_\_\_\_\_  
Select appropriate depository.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee and the Manager.

[Insert Name of Transferor]

By: \_\_\_\_\_  
Name:  
Title:  
Dated:

EXHIBIT B-3

FORM OF TRANSFER CERTIFICATE FOR TRANSFER  
FROM DEFINITIVE NOTE  
TO DEFINITIVE NOTE

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Re: Vivint Solar Financing V, LLC

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 11, 2018 (the “*Indenture*”), by and among Vivint Solar Financing V, LLC (the “*Issuer*”) and Wells Fargo Bank, National Association, as indenture trustee (in such capacity, the “*Indenture Trustee*”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ] aggregate Outstanding Note Balance of Class [A][B] Notes (the “*Notes*”) which are held as Definitive Notes (CUSIP No. [ ]) in the name of [insert name of transferor] (the “*Transferor*”). The Transferor has requested a transfer of such beneficial interest in the Notes to [insert name of transferee] (the “*Transferee*”).

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture, and (ii) Rule 144A under the Securities Act to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a “qualified institutional buyer” (“*QIB*”) within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, or (iii) pursuant to another applicable exemption from the registration requirements under the Securities Act; provided that an Opinion of Counsel confirming the applicability of the exemption claimed shall have been delivered to the Issuer and the Indenture Trustee in a form reasonably acceptable to them.

[ If transfer is pursuant to Regulation S, add the following:

The Transferor hereby certifies that:

- (1) the offer of the Notes was not made to a person in the United States,
- (2) [at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States] [the transaction was executed in, on or through the facilities of a

designated offshore securities market and neither the transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States] \* ,

- (3) the transferee is not a U.S. Person within the meaning of Rule 902(k) of Regulation S nor a Person acting for the account or benefit of a U.S. Person,
- (4) no directed selling efforts have been made in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable,
- (5) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.]

[signature page follows]

---

\* Insert one of these two provisions.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee and the Manager.

[Insert Name of Transferor]

By: \_\_\_\_\_  
Name:  
Title:  
Dated:

EXHIBIT C

VIVINT SOLAR FINANCING V, LLC

NOTICE OF VOLUNTARY PREPAYMENT

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043

Attn: Thomas Plagemann

Ladies and Gentlemen:

Pursuant to Section 6.01 of the Indenture dated as of June 11, 2018 (the “*Indenture*”), between Vivint Solar Financing V, LLC (the “*Issuer*”) and Wells Fargo Bank, National Association (the “*Indenture Trustee*”), the Indenture Trustee is hereby directed to prepay in [whole][part] the Issuer’s Solar Asset Backed Notes, Series 2018-1 on [\_\_\_\_\_, 20\_\_] (the “*Voluntary Prepayment Date*”).

On or prior to the Voluntary Prepayment Date, the Issuer shall deposit into the Collection Account (i) the outstanding principal of the Notes to be prepaid, (ii) all accrued and unpaid interest thereon (including any Class B Deferred Interest or Post-ARD Additional Note Interest), (iii) all amounts owed to the Indenture Trustee, the Manager, the Transition Manager and the Custodian, and (iv) the Make Whole Amount, if applicable (the “*Prepayment Amount*”).

On the Voluntary Prepayment Date, *provided* that the Indenture Trustee has received the Prepayment Amount, in the case of any Voluntary Prepayment in whole, no later than 11:00 a.m. Eastern time on such Voluntary Prepayment Date, or in the case of any Voluntary Prepayment in part, no later than 12:00 p.m. Eastern time on the Business Day prior to such specified Voluntary Prepayment Date, the Indenture Trustee is directed to (x) withdraw the Prepayment Amount from the Collection Account and disburse such amounts in accordance with the Priority of Payments and (y) to the extent the Outstanding Note Balance is prepaid, release any remaining assets in the Trust Estate to, or at the direction of, the Issuer.

You are hereby instructed to provide all notices of prepayment required by Section 6.02 of the Indenture. All terms used but not defined herein have the meanings assigned to such terms in the Indenture.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Notice of Voluntary Prepayment on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

VIVINT SOLAR FINANCING V, LLC, as Issuer

By

Name:  
Title:

EXHIBIT D

DEFINITIVE CLASS B CERTIFICATION

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Vivint Solar Financing V, LLC  
c/o Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Thomas Plagemann

Ladies and Gentlemen:

This certification (this “*Certification*”) is delivered by the undersigned (the “*Purchaser*”) in connection with its purchase of a beneficial interest in the Vivint Solar Financing V, LLC Solar Asset Backed Notes, Series 2018-1, Class B (the “*Class B Notes*”). The Class B Notes were issued pursuant to the Indenture dated as of June 11, 2018 (the “*Indenture*”) by and between Vivint Solar Financing V, LLC, as issuer (the “*Issuer*”) and Wells Fargo Bank, National Association, as indenture trustee (the “*Indenture Trustee*”). Capitalized terms used herein without definition shall have the meanings set forth in the Indenture.

The Purchaser hereby acknowledges, confirms, represents, warrants and agrees as follows:

1. It (A)(i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring the Class B Notes or interests therein for its own account or for the account of a qualified institutional buyer or (B) is not a U.S. Person and is purchasing the Class B Notes or interests therein in an offshore transaction pursuant to Regulation S.
2. It understands that the Class B Notes and interests therein are being offered in a transaction not involving any public offering in the U.S. within the meaning of the Securities Act, that the Class B Notes have not been and will not be registered under the Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Class B Notes or any interests therein, such Class B Notes (or the interests therein) may be offered, resold, pledged or otherwise transferred in minimum denominations of \$750,000 and in integral multiples of \$1,000 in excess thereof.
3. It understands that the Class B Notes will, until the Class B Notes may be resold pursuant to Rule 144(b)(1) of the Securities Act, unless otherwise agreed by the Issuer and the holder thereof, bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), AND NEITHER THIS NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF \$750,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF.

4. It understands that any Class B Note offered in reliance on Regulation S will, during the 40-day period commencing on the day after the later of the commencement of the offering and the date of original issuance of the Class B Notes, bear a legend substantially to the following effect:  
THIS NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A PERMANENT REGULATION S GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE U.S. OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Following the 40-day period, interests in a Temporary Regulation S Global Note will be exchanged for interests in a Permanent Regulation S Global Note.

5. By its purchase of a Class B Note or interest therein shall be deemed to have represented and warranted that at the time of its purchase and throughout the period that it holds such Class B Note or interest therein, that (1) it is not and will not be a Benefit Plan Investor (2) it will not be purchasing the Class B Note with the assets of a Government Plan or church plan and (3) it will not sell or otherwise transfer the Class B Note or interest therein to any person without first obtaining the same foregoing representations, warranties and covenants from that person.
6. It understands that the Issuer may receive a list of participants holding positions in the Class B Notes from the Securities Depository.
7. Either (a) it is not and will not become, for U.S. federal income tax (i) purposes, a partnership, Subchapter S corporation, or grantor trust (each such entity a "flow-through entity") or (b) if it is or becomes a flow-through entity, then (1) none of the direct or indirect beneficial owners of any of the interests in such flow-through entity has or ever will have 50% or more of the value of its interest in such flow-through entity attributable to the beneficial interest of such flow-through entity in the Class B Notes, other interest (direct or indirect) in the Issuer, or any interest created under the Indenture and (2) it is not and will not be a principal purpose of the arrangement involving the flow-through entity's beneficial interest in any Class B Note to permit any entity to satisfy the 100-partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity not to be classified as a publicly traded partnership for U.S. federal income tax purposes.
8. It will not (a) acquire, sell, transfer, assign, pledge or otherwise dispose of any of its interests in a Class B Note (or any interest therein that is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations) on or through (x) a U.S. national, regional or local securities exchange, (y) a foreign securities exchange or (z) an inter-dealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) ((x), (y) and (z), collectively, an "Exchange") or (b) cause any of its interests in the Class B Note to be marketed on or through an Exchange.

9. It will not cause any beneficial interest in a Class B Note to be traded or otherwise marketed on or through an "established securities market" or a "secondary market (or the substantial equivalent thereof)," each within the meaning of Section 7704(b) of the Code and the Treasury Regulations promulgated thereunder, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations .
10. Its beneficial interest in the Class B Note is not and will not be in an amount that is less than the Minimum Denomination for the Class B Notes set forth in the Indenture, and it does not and will not hold any beneficial interest in the Class B Note on behalf of any person whose beneficial interest in the Class B Note is in an amount that is less than the Minimum Denomination for the Class B Notes set forth in the Indenture. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the Class B Note or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Class B Note, in each case, if the effect of doing so would be that the beneficial interest of any person in a Class B Note would be in an amount that is less than the Minimum Denomination for the Class B Notes set forth in the Indenture.
11. It will not transfer any beneficial interest in the Class B Note (directly, through a participation thereof, or otherwise) unless, prior to the transfer, the transferee of such beneficial interest shall have executed and delivered to the Issuer, the Indenture Trustee and the Note Registrar, and any of their respective successors or assigns, a transferee certification as required in the Indenture.
12. It will not enter into any financial instrument the payment on which, or the value of which, is determined in whole or in part by reference to an interest in the Class B Note (including the amount of payments on the Class B Note, the value of the Class B Note or any contract that otherwise is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations).
13. It will not use the Class B Note as collateral for the issuance of any securities that could cause the Issuer to become subject to taxation as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.
14. It will not take any action that could reasonably be expected to cause, and will not omit to take any action, which omission could reasonably be expected to cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.
15. It acknowledges that the Sponsor, the Originator, the Indenture Trustee, the Note Registrar, the Issuer and others will rely on the truth and accuracy of the foregoing representations, warranties and covenants and agrees that if it becomes aware that any of the foregoing are no longer accurate, it shall notify the Issuer.
16. It will treat the Class B Note as indebtedness and indicate on all U.S. federal and state income tax and information returns and reports required to be filed with respect to the Class B Note, under any applicable U.S. federal or state tax statute, rule, or regulation, that the Class B Note is indebtedness.

PURCHASER:

By: \_\_\_\_\_

Name:

Title:

**ANNEX A**

**STANDARD DEFINITIONS**

[See attached]

**ANNEX A**

VIVINT SOLAR FINANCING IV, LLC

ISSUER

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

INDENTURE TRUSTEE

INDENTURE

DATED AS OF JUNE 11, 2018,

\$345,000,000

VIVINT SOLAR FINANCING IV, LLC  
SOLAR ASSET BACKED NOTES, SERIES 2018-2  
CLASS A NOTES AND CLASS B NOTES

---

---

ARTICLE I. DEFINITIONS.		2
Section 1.01	<i>General Definitions and Rules of Construction</i>	2
Section 1.02	<i>Calculations</i>	2
ARTICLE II. THE NOTES; RECONVEYANCE		2
Section 2.01	<i>General</i>	2
Section 2.02	<i>Forms of Notes</i>	3
Section 2.03	<i>Payment of Principal and Interest</i>	6
Section 2.04	<i>Payments to Noteholders</i>	6
Section 2.05	<i>Execution, Authentication, Delivery and Dating</i>	6
Section 2.06	<i>Temporary Notes</i>	7
Section 2.07	<i>Registration, Registration of Transfer and Exchange</i>	7
Section 2.08	<i>Transfer and Exchange</i>	11
Section 2.09	<i>Mutilated, Destroyed, Lost or Stolen Notes</i>	16
Section 2.10	<i>Persons Deemed Noteholders</i>	17
Section 2.11	<i>Cancellation of Notes</i>	17
Section 2.12	<i>Conditions to Closing</i>	17
Section 2.13	<i>Definitive Notes</i>	19
Section 2.14	<i>Access to List of Noteholders' Names and Addresses</i>	20
ARTICLE III. COVENANTS; COLLATERAL; REPRESENTATIONS; WARRANTIES		21
Section 3.01	<i>Performance of Obligations</i>	21
Section 3.02	<i>Negative Covenants</i>	22
Section 3.03	<i>Money for Note Payments</i>	23
Section 3.04	<i>Restriction of Issuer Activities</i>	24
Section 3.05	<i>Protection of Trust Estate</i>	24
Section 3.06	<i>Opinions and Officer's Certificates as to Trust Estate</i>	26
Section 3.07	<i>Statement as to Compliance</i>	27
Section 3.08	<i>Recording</i>	27
Section 3.09	<i>Agreements Not to Institute Bankruptcy Proceedings</i>	28
Section 3.10	<i>Additional Covenants; Covenants with Respect to the Managing Members and Project Companies</i>	28
Section 3.11	<i>Providing of Notice</i>	32
Section 3.12	<i>Representations and Warranties of the Issuer</i>	33
Section 3.13	<i>Representations and Warranties of the Indenture Trustee</i>	39
Section 3.14	<i>Knowledge</i>	40
Section 3.15	<i>Reporting Requirements</i>	40
Section 3.16	<i>On-Site Inspections and Visits</i>	41
Section 3.17	<i>Rule 144A Information</i>	42
Section 3.18	<i>Hedge Requirements</i>	42

ARTICLE IV. MANAGEMENT, ADMINISTRATION AND SERVICING		42
Section 4.01	<i>Management Agreement</i>	42
ARTICLE V. ACCOUNTS, COLLECTIONS, PAYMENTS OF INTEREST AND PRINCIPAL, RELEASES, AND STATEMENTS TO NOTEHOLDERS		44
Section 5.01	<i>Accounts</i>	44
Section 5.02	<i>Supplemental Reserve Account and Tax Loss Insurance Proceeds Account</i>	47
Section 5.03	<i>Liquidity Reserve Account</i>	49
Section 5.04	<i>Collection Account</i>	50
Section 5.05	<i>Distribution of Funds in the Collection Account</i>	51
Section 5.06	<i>Early Amortization Period Payments and Sequential Interest Amortization Period Payments</i>	54
Section 5.07	<i>Note Payments</i>	54
Section 5.08	<i>Statements to Noteholders; Tax Returns</i>	55
Section 5.09	<i>Reports by Indenture Trustee</i>	56
Section 5.10	<i>Final Balances</i>	56
ARTICLE VI. VOLUNTARY PREPAYMENT OF NOTES AND RELEASE OF COLLATERAL		56
Section 6.01	<i>Voluntary Prepayment</i>	56
Section 6.02	<i>Notice of Voluntary Prepayment</i>	57
Section 6.03	<i>[Reserved]</i>	57
Section 6.04	<i>Cancellation of Notes</i>	57
Section 6.05	<i>Release of Collateral</i>	58
ARTICLE VII. THE INDENTURE TRUSTEE		58
Section 7.01	<i>Duties of Indenture Trustee</i>	58
Section 7.02	<i>Notice of Default, Manager Termination Event or Event of Default; Delivery of Manager Reports</i>	60
Section 7.03	<i>Rights of Indenture Trustee</i>	60
Section 7.04	<i>Not Responsible for Recitals, Issuance of Notes or Application of Moneys as Directed</i>	62
Section 7.05	<i>May Hold Notes</i>	62
Section 7.06	<i>Money Held in Trust</i>	62
Section 7.07	<i>Compensation and Reimbursement</i>	62
Section 7.08	<i>Eligibility; Disqualification</i>	64
Section 7.09	<i>Indenture Trustee's Capital and Surplus</i>	64
Section 7.10	<i>Resignation and Removal; Appointment of Successor</i>	64
Section 7.11	<i>Acceptance of Appointment by Successor</i>	65
Section 7.12	<i>Merger, Conversion, Consolidation or Succession to Business of Indenture Trustee</i>	66
Section 7.13	<i>Co-trustees and Separate Indenture Trustees</i>	66

Section 7.14	<i>Books and Records</i>	68
Section 7.15	<i>Control</i>	68
Section 7.16	<i>Suits for Enforcement</i>	68
Section 7.17	<i>Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations</i>	68
ARTICLE VIII. [RESERVED]		69
ARTICLE IX. EVENT OF DEFAULT		69
Section 9.01	<i>Events of Default</i>	69
Section 9.02	<i>Actions of Indenture Trustee</i>	71
Section 9.03	<i>Indenture Trustee May File Proofs of Claim</i>	71
Section 9.04	<i>Indenture Trustee May Enforce Claim Without Possession of Notes</i>	72
Section 9.05	<i>Knowledge of Indenture Trustee</i>	72
Section 9.06	<i>Limitation on Suits</i>	72
Section 9.07	<i>Unconditional Right of Noteholders to Receive Principal and Interest</i>	73
Section 9.08	<i>Restoration of Rights and Remedies</i>	73
Section 9.09	<i>Rights and Remedies Cumulative</i>	73
Section 9.10	<i>Delay or Omission; Not Waiver</i>	73
Section 9.11	<i>Control by Noteholders</i>	74
Section 9.12	<i>Waiver of Certain Events by Less Than All Noteholders</i>	74
Section 9.13	<i>Undertaking for Costs</i>	74
Section 9.14	<i>Waiver of Stay or Extension Laws</i>	75
Section 9.15	<i>Sale of Trust Estate</i>	75
Section 9.16	<i>Action on Notes</i>	76
ARTICLE X. SUPPLEMENTAL INDENTURES		77
Section 10.01	<i>[Reserved]</i>	77
Section 10.02	<i>Supplemental Indentures with Consent of Noteholders</i>	77
Section 10.03	<i>Execution of Amendments and Supplemental Indentures</i>	78
Section 10.04	<i>Effect of Amendments and Supplemental Indentures</i>	78
Section 10.05	<i>Reference in Notes to Amendments and Supplemental Indentures</i>	78
Section 10.06	<i>Indenture Trustee to Act on Instructions</i>	79
Section 10.07	<i>Option to Tranche</i>	79
ARTICLE XI. [RESERVED]		79
ARTICLE XII. MISCELLANEOUS		79
Section 12.01	<i>Compliance Certificates and Opinions; Furnishing of Information</i>	79
Section 12.02	<i>Form of Documents Delivered to Indenture Trustee</i>	80
Section 12.03	<i>Acts of Noteholders</i>	81
Section 12.04	<i>Notices, Etc.</i>	81
Section 12.05	<i>Notices and Reports to Noteholders; Waiver of Notices</i>	82

Section 12.06		<i>Rules by Indenture Trustee</i>	83
Section 12.07		<i>Issuer Obligation</i>	83
Section 12.08		<i>Enforcement of Benefits</i>	83
Section 12.09		<i>Effect of Headings and Table of Contents</i>	84
Section 12.10		<i>Successors and Assigns</i>	84
Section 12.11		<i>Separability</i>	84
Section 12.12		<i>Benefits of Indenture</i>	84
Section 12.13		<i>Legal Holidays</i>	84
Section 12.14		<i>Governing Law; Jurisdiction; Waiver of Jury Trial</i>	84
Section 12.15		<i>Counterparts</i>	85
Section 12.16		<i>Recording of Indenture</i>	85
Section 12.17		<i>Further Assurances</i>	85
Section 12.18		<i>No Bankruptcy Petition Against the Issuer</i>	85
Section 12.19		<i>[Reserved]</i>	85
Section 12.20		<i>Liquidated Damages Demands</i>	85
Section 12.21		<i>[Reserved]</i>	86
Section 12.22		<i>Tax Treatment Disclosure</i>	86
Section 12.23		<i>Multiple Roles</i>	86
Section 12.24		<i>PATRIOT Act</i>	86
ARTICLE XIII. TERMINATION			86
Section 13.01		<i>Termination of Indenture</i>	86
SCHEDULE I	—	Schedule of Solar Assets	
SCHEDULE II	—	Scheduled Host Customer Payments and Scheduled Hedged SREC Payments	
SCHEDULE III	—	Scheduled Outstanding Note Balance	
SCHEDULE IV	—	Scheduled Tax Equity Investor Distributions	
SCHEDULE V	—	Schedule of Supplemental Reserve Account Deposit Amounts	
EXHIBIT A-1	—	Form of Class A Note	A-1
EXHIBIT A-2	—	Form of Class B Note	A-2
EXHIBIT B	—	Forms of Transferee Letter	B-1
EXHIBIT C	—	Notice of Voluntary Prepayment	C-1
EXHIBIT D	—	Definitive Class B Certification	D-1
EXHIBIT E	—	Tax Certification	E-1
Annex A	—	Standard Definitions	

THIS INDENTURE (as amended or supplemented from time to time, the "Indenture") is dated as of June 11, 2018 between Vivint Solar Financing IV, LLC, a limited liability company organized under the laws of the State of Delaware, as issuer (the "Issuer"), and Wells Fargo Bank, National Association, a national banking association, not in its individual capacity but solely in its capacity as indenture trustee (together with its successors and assigns in such capacity, the "Indenture Trustee").

#### PRELIMINARY STATEMENT

Pursuant to this Indenture, there is hereby duly authorized the execution and delivery of two classes of notes designated as the Issuer's Solar Asset Backed Notes, Series 2018-2, Class A (the "Class A Notes") and Solar Asset Backed Notes, Series 2018-2, Class B (the "Class B Notes"). All covenants and agreements made by the Issuer herein are for the benefit and security of the Holders of the Notes and the Hedge Counterparty. The Issuer is entering into this Indenture, and the Indenture Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

#### GRANTING CLAUSE

The Issuer hereby Grants to the Indenture Trustee, for the benefit of the Holders of the Notes and the Hedge Counterparty, as their interests may appear, all of the rights, title, interest and benefits of the Issuer whether now existing or hereafter arising in and to: (a) the Managing Member Membership Interests; (b) the Contribution Agreements, the Management Agreement, the Manager Transition Agreement, the Custodial Agreement, the Performance Guaranty, any Letter of Credit, the Hedge Agreement and all other Transaction Documents; (c) amounts deposited from time to time into the Collection Account, the Liquidity Reserve Account, the Supplemental Reserve Account, the Tax Loss Insurance Proceeds Account, and all Eligible Investments in each such account; (d) the membership interests of each Tax Equity Investor Member in the related Partnership Project Company or Lessee, as applicable, if and when acquired by the Issuer through exercise of the related Purchase Option; (e) the membership interests of each Managing Member in the related Project Company; (f) Hedged SRECs, if any, distributed to Managing Members in accordance with the related Project Company LLCA and the collateral assignments by the Hedged SREC Affiliates of the related Hedged SREC Agreements; (g) proceeds of any and all of the foregoing including all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or other property; and (h) all other assets of the Issuer (collectively, the "Trust Estate") except that the Trust Estate will not include a lien on any Excluded Property or the Solar Assets or any other assets of the Project Companies. In addition, the Indenture Trustee will be named as loss payee with respect to the Tax Loss Insurance Policies for the benefit of the Noteholders.

Such Grants are made in trust, to secure payments of amounts due with respect to the Notes ratably and without prejudice, priority or distinction between the Notes and payments due to the Hedge Counterparty under the Hedge Agreement, and to secure: (a) the payment of all amounts on the Notes as such amounts become due in accordance with their terms; (b) the payment of all amounts on under the Hedge Agreement as such amounts become due in accordance with the terms thereof; (c) the payment of all other sums payable in accordance with the provisions of this

Indenture; and (d) compliance with the provisions of this Indenture, all as provided in this Indenture.

The Indenture Trustee acknowledges such Grants, accepts the trusts hereunder in accordance with the provisions of this Indenture, and agrees to perform the duties herein required pursuant to the terms and provisions of this Indenture and subject to the conditions hereof.

**ARTICLE I.**  
**DEFINITIONS**

Section 1.01 *General Definitions and Rules of Construction* . Except as otherwise specified or as the context may otherwise require, capitalized terms used in this Indenture shall have the respective meanings given to such terms in the Standard Definitions attached hereto as Annex A, which is hereby incorporated by reference into this Indenture as if set forth fully in this Indenture. The rules of construction set forth in Annex A shall apply to this Indenture and are hereby incorporated by reference into this Indenture as if set forth fully in this Indenture.

Section 1.02 *Calculations* . Calculations required to be made pursuant to this Indenture shall be made on the basis of information or accountings as to payments on each Note furnished by the Manager. Except to the extent they are incorrect on their face, such information or accountings may be conclusively relied upon in making such calculations, but to the extent that it is later determined that any such information or accountings are incorrect, appropriate corrections or adjustments will be made.

**ARTICLE II.**  
**THE NOTES; RECONVEYANCE**

Section 2.01 *General* . (a) The Notes shall be designated the Issuer's "Solar Asset Backed Notes, Series 2018-2, Class A" and "Solar Asset Backed Notes, Series 2018-2, Class B."

(b) All payments of principal and interest with respect to the Notes shall be made only from the Trust Estate on the terms and conditions specified herein. Each Noteholder and each Note Owner, by its acceptance of a Note, agrees that it will have recourse solely against such Trust Estate and such payment and indemnification obligations included therein.

(c) Except as otherwise provided herein, all Notes shall be substantially identical in all respects. Except as specifically provided herein, all Notes issued, authenticated and delivered under this Indenture shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

(d) The Initial Outstanding Note Balance of the Class A Notes and the Class B Notes that may be executed by the Issuer and authenticated and delivered by the Indenture

Trustee and Outstanding at any given time under this Indenture is limited to \$296,000,000 and \$49,000,000, respectively.

(e) Holders of the Notes shall be entitled to payments of interest and principal as provided herein. Each Class of Notes shall have a final maturity on the Stated Maturity. All Notes of the same Class shall be secured on parity with one another, with no Note of any Class having any priority over any other Note of that same Class.

(f) The Notes that are authenticated and delivered to the Noteholders by the Indenture Trustee upon an Issuer Order on the Closing Date shall be dated as of the Closing Date. Any Note issued later in exchange for, or in replacement of, any Note issued on the Closing Date shall be dated the date of its authentication.

(g) The Class A Notes are issuable in minimum denominations of \$15,000,000 and the Class B Notes are issuable in minimum denominations of \$750,000, and, in each case, integral multiples of \$1,000 in excess thereof; provided that one Note of such Class may be issued in an additional amount equal to any remaining portion of the Initial Outstanding Note Balance of such Class.

(h) The Notes are being offered and sold by the Issuer to the Purchaser pursuant to the Note Purchase Agreement in reliance on Section 4(a)(2) of the Securities Act.

Section 2.02 *Forms of Notes*. The Notes shall be in substantially the form set forth in Exhibit A-1 or Exhibit A-2, as applicable, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the Issuer, as evidenced by its execution thereof.

The Definitive Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Each Note shall be dated the date of its authentication. The terms of the Notes are set forth in Exhibit A-1 and Exhibit A-2, and are part of the terms of this Indenture.

(a) *Global Notes*. Subject to Section 2.13, Notes offered and sold within the United States to QIBs in reliance on Rule 144A may be issued in the form of Rule 144A Global Notes, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Indenture Trustee, as custodian for the Securities Depository, and registered in the name of the Securities Depository or a nominee of the Securities Depository, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. The Outstanding Note Balance of the Rule 144A Global Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee and the Securities Depository or its nominee as hereinafter provided. The Indenture Trustee shall not be liable for any error or omission by the Securities Depository in making such record adjustments and the records of the Indenture Trustee shall be controlling with regard to outstanding principal amount of Notes hereunder.

Subject to Section 2.13, Notes offered and sold outside of the United States in reliance on Regulation S under the Securities Act may be issued in the form of a Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Indenture Trustee, as custodian for the Securities Depository, and registered in the name of the Securities Depository or the nominee of the Securities Depository for the investors' respective accounts at Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"), or Clearstream Banking société anonyme ("Clearstream"), duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. Beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear or Clearstream.

Within a reasonable period of time following the expiration of the "40-day distribution compliance period" (as defined in Regulation S), beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in Regulation S Permanent Global Notes upon the receipt by the Indenture Trustee of an Officer's Certificate from the Issuer. The Regulation S Permanent Global Notes will be deposited with the Indenture Trustee, as custodian, and registered in the name of a nominee of the Securities Depository. Simultaneously with the authentication of the Regulation S Permanent Global Notes, the Indenture Trustee shall cancel the Regulation S Temporary Global Note. The Outstanding Note Balance of the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee and the Securities Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided. The Indenture Trustee shall incur no liability for any error or omission of the Securities Depository in making such record adjustments and the records of the Indenture Trustee shall be controlling with regard to outstanding principal amount of Regulation S Global Notes hereunder.

Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and prepayments. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Indenture Trustee, or by the Note Registrar at the direction of the Indenture Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.08.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "Management Regulations" and "Instructions to Participants" of Clearstream shall be applicable to interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes that are held by the members of, or participants in, the Securities Depository ("Agent Members") through Euroclear or Clearstream.

Except as set forth in Section 2.08, the Global Notes may be transferred, in whole and not in part, only to another nominee of the Securities Depository or to a successor of the Securities Depository or its nominee.

(b) *Book-Entry Provisions* . This Section 2.02(b) shall apply only to the Global Notes deposited with or on behalf of the Securities Depository.

Upon the issuance of Global Notes in accordance with Section 2.13, the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.02(b), authenticate and deliver one Global Note for each applicable Class of Notes which (i) shall be registered in the name of the Securities Depository or the nominee of the Securities Depository and (ii) shall be delivered by the Indenture Trustee to the Securities Depository or pursuant to the Securities Depository's instructions or held by the Indenture Trustee as custodian for the Securities Depository.

Agent Members shall have no rights either under this Indenture with respect to any Global Note held on their behalf by the Securities Depository or by the Indenture Trustee as custodian for the Securities Depository or under such Global Note, and the Securities Depository may be treated by the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee from giving effect to any written certification, proxy or other authorization furnished by the Securities Depository or impair, as between the Securities Depository and its Agent Members, the operation of customary practices of such Securities Depository governing the exercise of the rights of an owner of a beneficial interest in any Global Note.

The Note Registrar and the Indenture Trustee shall be entitled to treat the Securities Depository for all purposes of this Indenture (including the payment of principal of and interest on the Notes and the giving of instructions or directions hereunder) as the sole Holder of the Notes, and shall have no obligation to the Note Owners.

The rights of Note Owners shall be exercised only through the Securities Depository and shall be limited to those established by law and agreements between such Note Owners and the Securities Depository and/or the Agent Members pursuant to the Note Depository Agreement. The initial Securities Depository will make book-entry transfers among the Agent Members and receive and transmit payments of principal of and interest on the Notes to such Agent Members with respect to such Global Notes.

Whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of Notes evidencing a specified percentage of the Outstanding amount of the Notes, the Securities Depository shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Note Owners and/or Agent Members owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to the Indenture Trustee.

(c) *Definitive Notes* . Each of the Class A Notes and the Class B Notes, upon original issuance, shall be issued and held in the form of certificated definitive, fully registered Notes (the " *Definitive Notes* "). Except as provided in Sections 2.08 and 2.13, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of Definitive Notes.

Section 2.03 *Payment of Principal and Interest* . (a) Principal payments on the Notes will be made on each Payment Date to the Noteholders as of the related Record Date pursuant to the provision of Section 5.05. The remaining Aggregate Outstanding Note Balance, if any, shall be due and payable on the Stated Maturity.

(b) On each Payment Date, the Note Interest for each Class of Notes will be distributed to the registered Noteholders of the applicable Class of Notes as of the related Record Date in accordance with the Priority of Payments. Interest on the Notes with respect to any Payment Date will accrue at the applicable Note Rate based on the Interest Accrual Period.

(c) On each Payment Date after the occurrence and during the continuing of an Event of Default, Default Interest for each Class of Notes will be distributed to the registered Noteholders of the applicable Class of Notes as of the related Record Date in accordance with the Priority of Payments.

Section 2.04 *Payments to Noteholders* . (a) Noteholders of each Class shall, subject to the priorities and conditions set forth in Section 5.05, be entitled to receive payments of interest and principal on each Payment Date. Any payment of interest or principal payable with respect to the Notes on the applicable Payment Date shall be made to the Person in whose name such Note is registered on the Record Date for such Payment Date in the manner provided in Section 5.07.

(b) All reductions in the principal balance of a Note (or one or more Predecessor Notes) effected by payments of principal made on any Payment Date shall be binding upon all Holders of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Note.

Section 2.05 *Execution, Authentication, Delivery and Dating* . (a) The Notes shall be executed by the Issuer. The signature of such Authorized Officer on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signature of any individual who was, at the time of execution thereof, an Authorized Officer of the Issuer shall bind the Issuer, notwithstanding the fact that such individual ceased to hold such office prior to the authentication and delivery of such Notes or did not hold such office at the date of issuance of such Notes.

(b) On the Closing Date, the Issuer shall, and at any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication, and the Indenture Trustee, upon receipt of the Notes and of an Issuer Order, shall authenticate and deliver such Notes; *provided*, *however*, that the Indenture Trustee shall not authenticate the Notes on the Closing Date unless and until it shall have received the documents listed in Section 2.12.

(c) Each Note authenticated and delivered by the Indenture Trustee to or upon an Issuer Order on or prior to the Closing Date shall be dated the Closing Date. All other Notes that are authenticated after the Closing Date for any other purpose under this Indenture shall be dated the date of their authentication.

(d) Notes issued upon transfer, exchange or replacement of other Notes shall be issued in authorized denominations reflecting the Outstanding Note Balance so transferred, exchanged or replaced, but shall represent only the Outstanding Note Balance so transferred, exchanged or replaced. In the event that any Note is divided into more than one Note in accordance with this Article II, such Outstanding Note Balance shall be divided among the Notes delivered in exchange therefor.

(e) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication, substantially in the form provided for herein, executed by the Indenture Trustee by the manual signature of a Responsible Officer of the Indenture Trustee, and such executed certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered.

*Section 2.06 Temporary Notes* . Except for the Notes maintained in book-entry form, temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Definitive Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Issuer. Every such temporary Note shall be executed by the Issuer and authenticated by the Indenture Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the Definitive Notes. Without unreasonable delay, the Issuer will execute and deliver to the Indenture Trustee Definitive Notes (other than in the case of Notes in global form) and thereupon any or all temporary Notes (other than in the case of Notes in global form) may be surrendered in exchange therefor, at the Corporate Trust Office, and the Indenture Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Definitive Notes. Such exchange shall be made by the Issuer at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Definitive Notes authenticated and delivered hereunder.

*Section 2.07 Registration, Registration of Transfer and Exchange* . (a) The Indenture Trustee (in such capacity, the " *Note Registrar* ") shall cause to be kept at its Corporate Trust Office a register (the " *Note Register* "), in which, subject to such reasonable regulations as it may prescribe, the Note Registrar shall provide for the registration of the Notes and the registration of transfers of such Notes. The Notes are intended to be obligations in registered form for purposes of Section 163(f), Section 871(h)(2) and Section 881(c)(2) of the Code.

(b) Each Person who has or who acquires any Ownership Interest in a Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of this Section 2.07 and Section 2.08.

(c) Each purchaser of Global Notes will be deemed to have represented and agreed as follows:

(i) The purchaser (A) (1) is a QIB, (2) is aware that the sale to it is being made in reliance on Rule 144A and (3) is acquiring the Notes or interests therein for its own account or for the account of a QIB or (B) is not a U.S. Person and is purchasing the Notes or interests therein in an offshore transaction pursuant to Regulation S.

(ii) The purchaser understands that the Notes and interests therein are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Notes or any interests therein, such Class A Notes and Class B Notes or the interests therein may be offered, resold, pledged or otherwise transferred in minimum denominations of \$15,000,000 and \$750,000, respectively, and, in each case, in integral multiples of \$1,000 in excess thereof, and only (1) in the United States to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (2) outside the United States in a transaction complying with the provisions of Regulation S under the Securities Act, or (3) pursuant to another exemption from registration under the Securities Act (if available and evidenced by an opinion of counsel acceptable to the Issuer and the Indenture Trustee), in each of cases (1) through (3) in accordance with any applicable securities laws of any State of the United States and any other applicable jurisdiction, and that (B) the purchaser will, and each subsequent Holder is required to, notify any subsequent purchaser of such Notes or interests therein from it of the resale restrictions referred to in (A) above.

(iii) The purchaser understands that the Notes will bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF [ \$ 15,000,000 ] [ *FOR CLASS A NOTES* ] [ \$750,000 ] [ *FOR CLASS B NOTES* ] AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM THE SECURITIES DEPOSITORY.

(iv) The purchaser understands that any Note offered in reliance on Regulation S will, during the 40-day distribution compliance period commencing on the day after the later of the commencement of the offering and the date of original issuance of the Notes, bear a legend substantially to the following effect:

THIS NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A REGULATION S PERMANENT GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Following the 40-day distribution compliance period, interests in a Regulation S Temporary Global Note will be exchanged for interests in a Regulation S Permanent Global Note

(v) Each purchaser and transferee by its purchase of a Class A Note or Ownership Interest therein shall be deemed to have represented and warranted that (a) it is not acquiring the Class A Note or interest therein for or on behalf of or with the assets of any employee benefit plan as defined in Section 3(3) of the Employment Retirement Income Security Act of 1974, as amended (“*ERISA*”) that is subject to Title I of ERISA or any other “plan” as defined in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code or any entity whose underlying assets include plan assets (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(3) of ERISA) by reason of an employee benefit plan’s or plan’s investment in such entity (each a “*Benefit Plan Investor*”), or any “governmental plan” within the meaning of Section 3(32) of ERISA or “church plan” within the meaning of Section 3(33) of ERISA that is subject to any substantially similar provision of state or local law (“*Similar Law*”), or (b) with respect to purchases and transfers of Class A Notes only, if the purchaser or transferee is a Benefit Plan Investor or a governmental plan or church plan subject to Similar Law, the purchaser and transferee and the fiduciary of such Benefit Plan Investor or governmental plan or church plan by its purchase of the Note or interest therein shall be deemed to have represented and warranted that the purchase and holding of the Class A Note or interest therein will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or violation of Similar Law and will be consistent with any applicable fiduciary duties that may be imposed upon the purchaser or transferee.

(vi) Each purchaser and transferee by its purchase of a Class B Note or Ownership Interest therein shall be deemed to have represented and warranted that at the time of its purchase and throughout the period that it holds such Class B Note or interest therein, that (1) it is not and will not be a Benefit Plan Investor (2) it will not be purchasing the Class B Note with the assets of a Government Plan or church plan and (3) it will not sell or otherwise transfer the Class B Note or interest therein to any person without first obtaining the same foregoing representations, warranties and covenants from that person.

(vii) The purchaser understands that the Issuer may receive a list of participants holding positions in the Notes from the Securities Depository.

(viii) Each purchaser and transferee by its purchase of a Note or interest therein shall be deemed to have agreed to treat the Note as indebtedness and indicate on all federal, state and local income tax and information returns and reports required to be filed with respect to the Note, under any applicable federal, state or local tax statute or any rule or regulation under any of them, that the Note is indebtedness unless otherwise required by applicable law as determined by a Final Determination.

(ix) Each purchaser and transferee of a Class A Note that is a Benefit Plan Investor, by its purchase of a Note or interest therein, to the extent that the DOL Final Fiduciary Rule remains in effect shall be deemed to have represented and warranted that (i) it has not received and is not receiving investment advice

from the ERISA Transaction Parties with respect to the Benefit Plan Investor's investment in the Notes, (ii) none of the ERISA Transaction Parties has made or will make any recommendations as to the advisability of the acquiring, holding or continuing to hold, disposal of, or exchange of the Notes, or has provided or will provide investment advice, and (iii) that such purchaser or transferee is an Eligible Benefit Plan Investor.

(d) Other than with respect to Notes maintained in book-entry form, at the option of a Noteholder, Notes may be exchanged for other Notes of any authorized denominations and of a like Outstanding Note Balance and Class upon surrender of the Notes to be exchanged at the Corporate Trust Office. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive.

(e) Other than with respect to Notes maintained in book-entry form, any Note presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed. All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Issuer, evidencing the same rights, and entitled to the same benefits under this Indenture, as the Class of Notes surrendered upon such registration of transfer or exchange. No service charge shall be made for any registration of transfer or exchange of Notes, but the Issuer and the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge as may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 2.08 not involving any transfer.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any jurisdiction. Consequently, the Notes are not transferable other than pursuant to an exemption from the registration requirements of the Securities Act and satisfaction of provisions set forth in this Indenture.

(f) Each purchaser and transferee by its purchase of a Class B Note or a beneficial interest therein shall be deemed to have made all of the certifications, representations, warranties and covenants set forth therein (which shall include those set forth in Section 2.07(c)(i) - (ix) and Section 2.08(e)). Any transfer of a beneficial interest in a Class B Note in violation of any of the foregoing will be of no force and effect and void *ab initio*.

Section 2.08 Transfer and Exchange. (a) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Securities Depository, in accordance with this Indenture and the procedures of the Securities Depository therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Beneficial interests in a Global Note may be transferred to persons who take delivery thereof in the form of a beneficial interest in the same Global Note in accordance with the transfer restrictions set forth in the legends in subsections (c)(iii) and (c)(iv) of Section 2.07, as applicable.

Transfers of beneficial interests in the Global Notes to persons required or permitted to take delivery thereof in the form of an interest in another Global Note shall be permitted as follows:

(i) *Rule 144A Global Note to Regulation S Global Note* . If, at any time, an owner of a beneficial interest in a Rule 144A Global Note deposited with the Securities Depository (or the Indenture Trustee as custodian for the Securities Depository) wishes to transfer its interest in such Rule 144A Global Note to a person who is required or permitted to take delivery thereof in the form of an interest in a Regulation S Global Note, such owner shall, subject to compliance with the applicable procedures described herein (the " *Applicable Procedures* "), exchange or cause the exchange of such interest for an equivalent beneficial interest in a Regulation S Global Note as provided in this Section 2.08(a)(i). Upon receipt by the Indenture Trustee of (1) instructions given in accordance with the Applicable Procedures from an Agent Member directing the Indenture Trustee to credit or cause to be credited a beneficial interest in the Regulation S Global Note in an amount equal to the beneficial interest in the Rule 144A Global Note to be exchanged, (2) a written order given in accordance with the Applicable Procedures containing information regarding the participant account of the Securities Depository and the Euroclear or Clearstream account to be credited with such increase, and (3) a certificate in the form of Exhibit B-1 hereto given by the Note Owner of such beneficial interest stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S, then the Indenture Trustee, as Note Registrar, shall instruct the Securities Depository to reduce or cause to be reduced the initial Outstanding Note Balance of the applicable Rule 144A Global Note and to increase or cause to be increased the initial Outstanding Note Balance of the applicable Regulation S Global Note by the initial principal amount of the beneficial interest in the Rule 144A Global Note to be exchanged, to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Regulation S Global Note equal to the reduction in the initial Outstanding Note Balance of the Rule 144A Global Note, and to debit, or cause to be debited, from the account of the person making such exchange or transfer the beneficial interest in the Rule 144A Global Note that is being exchanged or transferred.

(ii) *Regulation S Global Note to Rule 144A Global Note* . If, at any time an owner of a beneficial interest in a Regulation S Global Note deposited with the Securities Depository or with the Indenture Trustee as custodian for the Securities Depository wishes to transfer its interest in such Regulation S Global Note to a person who is required or permitted to take delivery thereof in the form of an interest in a Rule 144A Global Note, such owner shall, subject to the Applicable Procedures, exchange or cause the exchange of such interest for an equivalent beneficial interest in a Rule 144A Global Note as provided in this Section 2.08(a)(ii). Upon receipt by the Indenture Trustee of (1) instructions from Euroclear or Clearstream, if applicable, and the Securities Depository, directing the Indenture Trustee, as Note Registrar, to credit or cause to be credited a beneficial interest in the Rule 144A Global Note equal to the beneficial interest in the

Regulation S Global Note to be exchanged, such instructions to contain information regarding the participant account with the Securities Depository to be credited with such increase, (2) a written order given in accordance with the Applicable Procedures containing information regarding the participant account of the Securities Depository and (3) if such transfer is being effected prior to the expiration of the "40-day distribution compliance period" (as defined by Regulation S under the Securities Act), a certificate in the form of Exhibit B-2 attached hereto given by the Note Owner of such beneficial interest stating (A) if the transfer is pursuant to Rule 144A, that the person transferring such interest in a Regulation S Global Note reasonably believes that the person acquiring such interest in a Rule 144A Global Note is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and any applicable blue sky or securities laws of any State of the United States, (B) that the transfer complies with the requirements of Rule 144A under the Securities Act and any applicable blue sky or securities laws of any State of the United States or (C) if the transfer is pursuant to any other exemption from the registration requirements of the Securities Act, that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the requirements of the exemption claimed, such statement to be supported by an Opinion of Counsel from the transferee or the transferor in form reasonably acceptable to the Issuer and to the Indenture Trustee, then the Indenture Trustee, as Note Registrar, shall instruct the Securities Depository to reduce or cause to be reduced the initial Outstanding Note Balance of such Regulation S Global Note and to increase or cause to be increased the initial Outstanding Note Balance of the applicable Rule 144A Global Note by the initial principal amount of the beneficial interest in the Regulation S Global Note to be exchanged, and the Indenture Trustee, as Note Registrar, shall instruct the Securities Depository, concurrently with such reduction, to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the applicable Rule 144A Global Note equal to the reduction in the Outstanding Note Balance at maturity of such Regulation S Global Note and to debit or cause to be debited from the account of the person making such transfer the beneficial interest in the Regulation S Global Note that is being transferred.

(b) *Transfer and Exchange from Definitive Notes to Definitive Notes* . When Definitive Notes are presented by a Holder to the Note Registrar with a request:

(i) to register the transfer of Definitive Notes in the form of other Definitive Notes; or

(ii) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations, the Note Registrar shall register the transfer or make the exchange as requested; *provided, however*, that the Definitive Notes presented or surrendered for register of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Note Registrar duly executed by such Holder or by his attorney, duly authorized in writing; and

(iii) if such Definitive Note is being transferred to a QIB in accordance with Rule 144A or in an offshore transaction pursuant to Regulation S, a certification to that effect from such Holder (in the form attached as Exhibit B-3 hereto);

(iv) if such Definitive Note is being transferred in reliance on any other exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in the form attached as Exhibit B-3 hereto) and an Opinion of Counsel from such Holder or the transferee reasonably acceptable to the Issuer and to the Indenture Trustee to the effect that such transfer is in compliance with the Securities Act; or

(v) a certification by the transferee in the form of Exhibit D hereto.

(c) *Restrictions on Transfer and Exchange of Global Notes* . Notwithstanding any other provision of this Indenture, a Global Note may not be transferred except by the Securities Depository to a nominee of the Securities Depository or by a nominee of the Securities Depository to the Securities Depository or another nominee of the Securities Depository or by the Securities Depository or any such nominee to a successor Securities Depository or a nominee of such successor Securities Depository.

(d) *Initial Issuance of the Notes* . The Purchaser shall not be required to deliver, and neither the Issuer nor the Indenture Trustee shall demand therefrom, any of the certifications or opinions described in this Section 2.08 in connection with the initial issuance of the Notes and the delivery thereof by the Issuer.

(e) *Tax Transfer Restrictions for the Notes* . Notwithstanding anything to the contrary herein, no transfer of a beneficial interest in a Note, whether in the form of a Definitive Note, a Global Note or otherwise, shall be effective, and any attempted transfer shall be void ab initio, unless, each transferee satisfies each of the items in clauses (i) through (xi) below and delivers to the Issuer, the Indenture Trustee and the Note Registrar a certificate in the form of Exhibit E on or prior to the date of such transfer to that effect:

(i) Either (A) it is not and will not become, for U.S. federal income tax purposes, a partnership, Subchapter S corporation, or grantor trust (each such entity a "flow-through entity") or (B) if it is or becomes a flow-through entity, then (1) none of the direct or indirect beneficial owners of any of the interests in such flow-through entity has or ever will have 50% or more of the value of its interest in such flow-through entity attributable to the beneficial interest of such flow-through entity in the Notes, other interest (direct or indirect) in the Issuer, or any interest created under this Indenture and (2) it is not and will not be a principal purpose of the arrangement involving the flow-through entity's beneficial interest in any Note to permit any entity to satisfy the 100-partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity not to be classified as a publicly traded partnership for U.S. federal income tax purposes.

(ii) It will not (A) acquire, sell, transfer, assign, pledge or otherwise dispose of any of its interests in a Note (or any interest therein that is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations) on or through (x) a U.S. national, regional or local securities exchange, (y) a foreign securities exchange or (z) an inter-dealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) ((x), (y) and (z), collectively, an "Exchange") or (B) cause any of its interests in the Note to be marketed on or through an Exchange.

(iii) It will not cause any beneficial interest in a Note to be traded or otherwise marketed on or through an "established securities market" or a "secondary market (or the substantial equivalent thereof)," each within the meaning of Section 7704(b) of the Code and the Treasury Regulations promulgated thereunder, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations.

(iv) Its beneficial interest in the Note is not and will not be in an amount that is less than the Minimum Denomination for such Note, and it does not and will not hold any beneficial interest in the Note on behalf of any person whose beneficial interest in the Note is in an amount that is less than the Minimum Denomination for such Note. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the Note or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Note, in each case, if the effect of doing so would be that the beneficial interest of any person in a Note would be in an amount that is less than the Minimum Denomination for such Note.

(v) It will not transfer any beneficial interest in the Note (directly, through a participation thereof, or otherwise) unless, prior to the transfer, the transferee of such beneficial interest shall have executed and delivered to the Issuer, the Indenture Trustee and the Note Registrar, and any of their respective successors or assigns, a transferee certification as required in Section 2.08(e) of this Indenture.

(vi) It will not enter into any financial instrument the payment on which, or the value of which, is determined in whole or in part by reference to an interest in the Note (including the amount of payments on the Note, the value of the Note or any contract that otherwise is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations).

(vii) It will not use the Note as collateral for the issuance of any securities that could cause the Issuer to become subject to taxation as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

(viii) It will not take any action that could reasonably be expected to cause, and will not omit to take any action, which omission could reasonably be

expected to cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.

(ix) It acknowledges that the Sponsor, the Originator, the Indenture Trustee, the Note Registrar, the Issuer and others will rely on the truth and accuracy of the foregoing representations, warranties and covenants and agrees that if it becomes aware that any of the foregoing are no longer accurate, it shall notify the Issuer.

(x) It will treat the Note as indebtedness for purposes of U.S. federal income tax and will take positions that are consistent with such treatment on all U.S. federal and state income tax and information returns and reports required to be filed with respect to the Note.

(xi) It understands that the Issuer intends to accrue interest on the Notes under the rules provided in Treasury Regulation Section 1.1275-5, it acknowledges that the Issuer is providing no assurances as to whether interest should be accrued in such manner, and it agrees that it will rely on its own tax advisors regarding the proper method of accruing interest and the treatment of gains and losses on dispositions of the Notes..

The Indenture Trustee shall maintain a file of all such transferee certifications delivered to it and shall make such transferee certifications available to the Issuer upon request.

Section 2.09 *Mutilated, Destroyed, Lost or Stolen Notes* . (a) If (i) any mutilated Note is surrendered to the Indenture Trustee or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Indenture Trustee such security or indemnity as may be required by the Indenture Trustee to hold each of the Issuer and the Indenture Trustee harmless, then, in the absence of actual notice to the Issuer or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver upon an Issuer Order, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note or Notes of the same tenor and Class and principal balance bearing a number not contemporaneously outstanding; *provided, however*, that if any such mutilated, destroyed, lost or stolen Note shall have become subject to receipt of payment in full, instead of issuing a new Note, the Indenture Trustee may make a payment with respect to such Note without surrender thereof, except that any mutilated Note shall be surrendered. If, after the delivery of such new Note or payment with respect to a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser of the original Note in lieu of which such new Note was issued presents for receipt of payments such original Note, the Issuer and the Indenture Trustee shall be entitled to recover such new Note (or such payment) from the Person to whom it was delivered or any Person taking such new Note from such Person, except a protected purchaser, and each of the Issuer and the Indenture Trustee shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage or cost incurred by the Issuer or the Indenture Trustee in connection therewith.

(b) Upon the issuance of any new Note under this Section 2.09, the Issuer or the Indenture Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(c) Every new Note issued pursuant to this Section 2.09 in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not such destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(d) The provisions of this Section 2.09 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment with respect to mutilated, destroyed, lost or stolen Notes.

**Section 2.10 *Persons Deemed Noteholders*** . Before due presentment for registration of transfer of any Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Note is registered as the owner of such Note (a) on the applicable Record Date for the purpose of receiving payments with respect to principal and interest on such Note and (b) on any date for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by any notice to the contrary.

**Section 2.11 *Cancellation of Notes*** . All Definitive Notes surrendered for payment, registration of transfer, exchange, or prepayment shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Note previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Indenture Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 2.11 except as expressly permitted by this Indenture. All canceled Notes shall be held and disposed of by the Indenture Trustee in accordance with its standard retention and disposal policy.

**Section 2.12 *Conditions to Closing*** . The Notes shall be executed, authenticated and delivered on the Closing Date in accordance with Section 2.05 and, upon receipt by the Indenture Trustee of the following:

- (a) an Issuer Order authorizing the authentication and delivery of such Notes by the Indenture Trustee;
- (b) the original Notes executed by the Issuer and true and correct copies of the fully executed Transaction Documents;
- (c) Opinions of Counsel addressed to the Indenture Trustee, the Agent and the Purchaser in form and substance satisfactory to the Indenture Trustee, the Agent and the Purchaser addressing corporate, security interest and bankruptcy matters;
- (d) an Officer's Certificate of an Authorized Officer of the Issuer, stating that:

(i) all representations and warranties of the Issuer contained in the Transaction Documents are true and correct, and no defaults of the Issuer exist under the Transaction Documents; and

(ii) the issuance of the Notes will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, this Indenture or any other Transaction Document, the Issuer Operating Agreement or any other constituent documents of the Issuer or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it is bound, or any order of any court or administrative agency entered in any proceeding to which the Issuer is a party or by which it may be bound or to which it may be subject, and that all conditions precedent provided in this Indenture relating to the authentication and delivery of the Notes have been fully satisfied; and

(iii) the conditions precedent in this Indenture relating to the authentication and delivery of the Notes have been satisfied;

(e) an Officer's Certificate dated as of the Closing Date, of an Authorized Officer of each of Financing Holdings and the Depositor that:

(i) Financing Holdings or the Depositor, as applicable, is not in default under any of the Transaction Documents to which it is a party, and the transfer of the Holdings Conveyed Property by Financing Holdings, the Depositor Conveyed Property by the Depositor and the simultaneous Grant of the Trust Estate to the Indenture Trustee by the Issuer will not result in any breach of any of the terms, conditions or provisions of, or constitute a material default under, its organizational documents or any other constituent documents of it or any indenture, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound, or any order of any court or administrative agency entered in any proceeding to which it is a party or by which it may be bound or to which it may be subject;

(ii) all representations and warranties of it contained in each of the Transaction Documents to which it is a party are true and correct; and

(iii) the conditions precedent in this Indenture relating to the authentication and delivery of the Notes have been satisfied;

(f) a Secretary's Certificate dated as of the Closing Date of each of the Issuer, the Manager, Financing Holdings and the Depositor regarding certain organizational matters and the incumbency of the signatures of the Issuer, the Manager, Financing Holdings and the Depositor;

(g) [Reserved];

(h) [Reserved];

(i) presentment of all applicable UCC termination statements or partial releases (collectively, the " *Termination Statements* ") terminating the Liens of creditors of Financing Holdings, the Depositor or any other Person with respect to any part of the Trust Estate (except as expressly contemplated by the Transaction Documents) and the Financing Statements (which shall constitute all of the Perfection UCCs with respect to the Closing Date) to the proper Person for filing to perfect the Indenture Trustee's first priority security interest in such Trust Estate Granted on the Closing Date registered in the name of the Indenture Trustee or its nominee and agent (a copy of the file stamped Financing Statements and Termination Statements shall be delivered by the Manager to the Indenture Trustee);

(j) evidence that the Indenture Trustee has established the Collection Account, the Liquidity Reserve Account, the Supplemental Reserve Account and the Tax Loss Insurance Proceeds Account;

(k) delivery by the Custodian to the Issuer and the Indenture Trustee of an executed Closing Date Certification ;

(l) [Reserved ];

(m) all collections received in respect of the Conveyed Property since the Cut-Off Date are retained by the Managing Members or the Project Companies;

(n) the Issuer shall have deposited the Liquidity Reserve Account Required Balance into the Liquidity Reserve Account;

(o) the Issuer shall have deposited the Supplemental Reserve Account Initial Deposit and the ODL Initial Deposit into the Supplemental Reserve Account;

(p) the Issuer shall have caused to be deposited the Collection Account Closing Date Deposit into the Collection Account;

(q) the Issuer shall not be insolvent and will not become insolvent as a result of the Grant pursuant to this Indenture or the transactions contemplated by the Transaction Documents; and

(r) any other certificate, document or instrument reasonably requested by the Agent, the Purchaser or the Indenture Trustee.

Section 2.13 *Definitive Notes* .

(a) Each of the Class A Notes and the Class B Notes, upon original issuance, shall be issued and held in the form of Definitive Notes.

(b) Following initial issuance, if a Holder of a Definitive Note of any Class wishes at any time to exchange its interest in such Note for a beneficial interest in a Global Note of such Class or to transfer such Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Global Note, such Noteholder may, subject to the

immediately succeeding sentence and the rules and procedures of the Securities Depository, exchange or transfer, or cause the exchange or transfer of, such Definitive Note for a beneficial interest in a Global Note of such Class. Upon receipt by the Note Registrar of (A) such Noteholder's Definitive Note properly endorsed for assignment to the transferee, (B) a Transferee Letter executed by the Transferee, if such Note is being transferred, (C) instructions given in accordance with the Securities Depository's procedures from a Securities Depository to Participant to instruct the Securities Depository to cause to be credited a beneficial interest in such Class of Notes in an amount equal to the Outstanding Note Balance of the Definitive Notes to be transferred or exchanged, and (D) a written order given in accordance with the Securities Depository's procedures containing information regarding the Securities Depository to Participant's account at the Securities Depository to be credited with such increase, the Note Registrar shall (1) cancel such Definitive Note in accordance with Section 2.11, (2) record the transfer in the Note Register in accordance with Section 2.07 and (3) approve the instructions at the Securities Depository, concurrently with such recordation, to credit or cause to be credited to the securities account of the Person specified in such instructions a beneficial interest in the corresponding Class of Book Entry Notes equal to the Note Balance of the Definitive Note transferred or exchanged.

(c) Once any Class of Notes or portion thereof is held in the form of Global Notes, such Notes will be issued as Definitive Notes, rather than to DTC or its nominee, only if (a) the Securities Depository notifies the Issuer and the Indenture Trustee that it is unwilling or unable to continue as Securities Depository with respect to any or all of the Notes or (b) at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in either case a successor Securities Depository is not appointed by the Issuer within 90 days after the Issuer receives notice or becomes aware of such condition, as the case may be. Upon the occurrence of any of the events described in the immediately preceding paragraph, the Issuer will issue the Notes of each Class in the form of Definitive Notes and thereafter the Indenture Trustee will recognize the holders of such Definitive Notes as Noteholders of each such Class under this Indenture. In connection with any proposed transfer outside the book entry system or exchange of beneficial interest in a Note for Notes in definitive registered form, the Issuer shall be required to provide or cause to be provided to the Indenture Trustee all information reasonably available to it that is not otherwise available to the Indenture Trustee and is reasonably requested by the Indenture Trustee and is otherwise necessary to allow the Indenture Trustee to comply with any applicable tax reporting obligations, including without limitation, any cost basis reporting obligations under Section 6045 of the Code. The Indenture Trustee may rely on any such information provided to it or available on the Note Register and shall have no responsibility to verify or ensure the accuracy of such information. The Indenture Trustee shall not have any responsibility or liability for any actions taken or not taken by DTC.

Section 2.14 *Access to List of Noteholders' Names and Addresses* . The Indenture Trustee shall furnish or cause to be furnished to the Manager within 15 days after receipt by the Indenture Trustee of a request therefor from the Manager in writing, a list, in such form as the Manager may reasonably require, of the names and addresses of the Noteholders as of the most recent Record Date.

### ARTICLE III.

#### COVENANTS; COLLATERAL; REPRESENTATIONS; WARRANTIES

Section 3.01 *Performance of Obligations* . (a) The Issuer will not take any action or permit any action to be taken by others which would release any Person from any of such Person's covenants or obligations in any Transaction Document or under any instrument or agreement included in the Trust Estate or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except as ordered by any bankruptcy or other court or as permitted by, or expressly contemplated in, this Indenture, the Transaction Documents or such other instrument or agreement.

(b) To the extent consistent with the Issuer Operating Agreement, the Issuer may contract with other Persons to assist it in performing its duties hereunder, and any performance of such duties shall be deemed to be action taken by the Issuer. To the extent that the Issuer contracts with other Persons which include or may include the furnishing of reports, notices or correspondence to the Indenture Trustee, the Issuer shall identify such Persons in a written notice to the Indenture Trustee.

(c) The Issuer shall and shall require that Financing Holdings and the Depositor characterize (i) the transfer of the Holdings Conveyed Property by Financing Holdings to the Depositor pursuant to the Holdings Contribution Agreement as an absolute transfer for legal purposes, (ii) the transfer of the Depositor Conveyed Property by the Depositor to the Issuer pursuant to the Depositor Contribution Agreement as an absolute transfer for legal purposes, (iii) the Grant of the Trust Estate by the Issuer under this Indenture as a pledge for U.S. federal income tax purposes and for financial accounting purposes, and (iv) the Notes as indebtedness for financial accounting purposes. In this regard, the financial statements of Financing Holdings and the Depositor and its consolidated subsidiaries will show the Depositor Conveyed Property as owned by the consolidated group and the Notes as indebtedness of the consolidated group (and will contain appropriate footnotes describing the transfer to the Issuer and the pledge to the Indenture Trustee for the benefit of the Noteholders), and the U.S. federal income tax returns of Financing Holdings and the Depositor and its consolidated subsidiaries will indicate that the Notes are indebtedness unless otherwise required by applicable law as determined by a Final Determination. The Issuer will cause Financing Holdings and the Depositor to file all required tax returns and associated forms, reports, schedules and supplements thereto in a manner consistent with such characterizations unless otherwise required by applicable law as determined by a Final Determination.

(d) The Issuer covenants to pay all material taxes or other similar charges levied by any governmental authority with regard to the Trust Estate (which shall include paying

any Affiliate of the Issuer who pays such taxes for any affiliated group of which the Issuer is a member), except to the extent that the validity or amount of such taxes is contested in good faith, via appropriate proceedings and with adequate reserves established and maintained therefor in accordance with GAAP.

(e) The Issuer hereby assumes liability for all liabilities associated with the Trust Estate or created under this Indenture, including but not limited to any obligation arising from the breach or inaccuracy of any representation, warranty or covenant of the Issuer set forth herein. Notwithstanding the foregoing, the Issuer has and shall have no liability with respect to the payment of principal and interest on the Notes, except as otherwise provided in this Indenture.

(f) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Transaction Documents and in the instruments and agreements included in the Trust Estate, including, but not limited to, preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of this Indenture and the other Transaction Documents in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly provided therein, the Issuer shall not waive, amend, modify, supplement or terminate any Transaction Document or any provision thereof without the consent of the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class).

(g) If an Event of Default or Manager Termination Event shall arise from the failure of the Manager to perform any of its duties or obligations under the Management Agreement, the Issuer shall take all reasonable steps available to it to remedy such failure.

(h) The Issuer shall not waive timely performance or observance by the Manager or the Depositor of their respective duties under the Transaction Documents if the effect thereof would adversely affect the Holders of the Notes.

(i) If any of the Notes are issued with OID, the Issuer will provide Noteholders with the issue price, amount of OID, issue date and the yield to maturity upon request.

Section 3.02 *Negative Covenants* . In addition to the restrictions and prohibitions set forth in Sections 3.04, 3.09 and 3.10 and elsewhere herein, the Issuer will not:

(a) sell, transfer, exchange or otherwise dispose of any portion of its interest in the Trust Estate except as expressly permitted by or expressly contemplated in this Indenture or the other Transaction Documents;

(b) permit the validity or effectiveness of this Indenture or any Grant hereunder to be impaired, or permit the Lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under this Indenture, except as may be expressly permitted by or expressly contemplated in this Indenture or the other Transaction Documents;

(c) permit the Lien of this Indenture not to constitute a valid first priority, perfected security interest in the Trust Estate, subject to Permitted Liens;

(d) take any action or fail to take any action which may cause the Issuer to become classified as an association (or publicly traded partnership) that is taxable as a corporation for U.S. federal income tax purposes;

(e) act in violation of its organizational documents;

(f) create, incur or suffer, or permit to be created or incurred or to exist, any Lien on any portion of the Trust Estate, except for the Lien created by this Indenture and Permitted Liens; or

(g) (1) take any actions nor allow for any item of the Trust Estate to be subject to Title I of ERISA, Section 4975 of the Code, or, by reason of any investment in the Issuer by any governmental plan, as the case may be, any other federal, state, or local provision similar to Section 406 of ERISA or Section 4975 of the Code; (2) nor permit any of its ERISA Affiliates to adopt, assume, become a party to or maintain or participate in any respect any Plan or Multiple Employer Plan which could reasonably be expected to subject the Issuer or any of its ERISA Affiliates to any tax, penalty or liability, (3) with respect to any Plan which is a Multi-Employer Plan, nor permit any ERISA Affiliate to withdrawal from such Multi-Employer Plan which could reasonably be expected to subject the issuer or any of its ERISA Affiliates to liability, or (4) take any actions which could reasonably be expected to result in, or permit the occurrence of, an ERISA Event.

Section 3.03 *Money for Note Payments* . (a) All payments with respect to any Notes which are to be made from amounts withdrawn from the Collection Account pursuant to Section 5.05 shall be punctually made on behalf of the Issuer by the Indenture Trustee, and no amounts so withdrawn from an Account for payments with respect to Notes shall be paid over to the Issuer under any circumstances except as provided in this Section 3.03 and Article V.

(b) When there shall be an Indenture Trustee that is not also the Note Registrar, the Issuer shall furnish, or cause the Note Registrar to furnish, with respect to Global Notes, on each Record Date, and with respect to Definitive Notes, no later than the fifth calendar day after each Record Date, a list, in such form as such Indenture Trustee may reasonably require, of the names and addresses of the Noteholders and of the number of individual Notes and the Outstanding Note Balance and Class of such Notes held by each such Noteholder.

(c) Any money held by the Indenture Trustee in trust for the payment of any amount distributable but unclaimed with respect to any Note shall be held in a non-interest bearing trust account, and if the same remains unclaimed for two years after such amount

has become due to such Noteholder, such money shall be discharged from such trust and paid to the Issuer upon an Issuer Order without any further action by any Person; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee with respect to such trust money shall thereupon cease. The Indenture Trustee may adopt and employ, at the expense of the Issuer, any reasonable means of notification of such payment (including, but not limited to, mailing notice of such payment to Noteholders whose Notes have been called but have not been surrendered for prepayment or whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee, at the last address of record for each such Noteholder).

*Section 3.04 Restriction of Issuer Activities* . Until the date that is 365 days after the payment by the Issuer in full of all payments on the Notes, the Issuer will not on or after the date of execution of this Indenture: (i) engage in any business or investment activities other than those necessary for, incident to, connected with or arising out of, owning and Granting the Trust Estate to the Indenture Trustee for the benefit of the Noteholders, or contemplated hereby, in the Transaction Documents and the Issuer Operating Agreement; (ii) incur any indebtedness secured in any manner by, or that has any claim against, the Trust Estate or the Issuer other than indebtedness arising hereunder and in connection with the Transaction Documents and as otherwise expressly permitted in a Transaction Document; (iii) incur any other indebtedness except as permitted in the Issuer Operating Agreement; (iv) amend, or propose to the member of the Depositor for its consent any amendment of, the Issuer Operating Agreement (or, if the Issuer shall be a successor to the Person named as the Issuer in the first paragraph of this Indenture, amend, consent to amendment or propose any amendment of, the governing instruments of such successor), without giving notice thereof in writing, 30 days prior to the date on which such amendment is to become effective, to the Indenture Trustee (to make available to Noteholders); (v) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate; or (vi) dissolve or liquidate in whole or in part or merge or consolidate with any other Person, other than in compliance with [Section 3.10](#) if any Notes are Outstanding.

*Section 3.05 Protection of Trust Estate* . (a) The Issuer intends the security interest Granted pursuant to this Indenture in favor of the Indenture Trustee for the benefit of the Noteholders to be prior to all other Liens in respect of the Trust Estate, subject to Permitted Liens, and the Issuer shall take all actions necessary to obtain and maintain, in favor of the Indenture Trustee and the Noteholders, a first Lien on and a first priority, perfected security interest in the Trust Estate, subject to Permitted Liens. The Issuer authorizes and shall cause to be filed a financing statement that names the Issuer as debtor and the Indenture Trustee as secured party to ensure the perfection of the interest of the Indenture Trustee in the Trust Estate (including describing the Trust Estate as "all assets of the Debtor whether now existing or hereafter acquired (other than Excluded Property)"). Subject to [Section 3.05\(f\)](#), the Issuer will from time to time prepare, execute (or authorize the filing of) and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance,

and other instruments (all as presented to it in final execution form), and will take such other action as may be necessary or advisable to:

- (i) provide further assurance with respect to such Grant and/or Grant more effectively all or any portion of the Trust Estate;
- (ii) maintain, preserve or enforce (A) the Lien and security interest (and the priority thereof) in favor of the Indenture Trustee created by this Indenture and (B) the terms and provisions of this Indenture or carry out more effectively the purposes hereof;
- (iii) perfect, publish notice of, or protect the validity of, any Grant made or to be made by this Indenture;
- (iv) enforce any of the Trust Estate; or
- (v) preserve and defend title to any item comprising the Conveyed Property or other item included in the Trust Estate and the rights of the Indenture Trustee and of the Noteholders in such Conveyed Property or other item against the claims of all Persons.

The Issuer shall deliver or cause to be delivered to the Indenture Trustee file stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer shall cooperate fully with the Indenture Trustee in connection with the obligations set forth above and will execute (or authorize the filing of) any and all documents reasonably required to fulfill the intent of this Section 3.05.

(b) The Issuer hereby irrevocably appoints the Indenture Trustee as its agent and attorney-in-fact (such appointment being coupled with an interest) to execute, or authorize the filing of, upon the Issuer's failure to do so, any financing statement or continuation statement required pursuant to this Section 3.05; *provided, however*, that such designation shall not be deemed to create any duty in the Indenture Trustee to monitor the compliance of the Issuer with the foregoing covenants; and *provided further*, that the Indenture Trustee shall only be obligated to execute or authorize such financing statement or continuation statement upon written direction of the Manager and upon written notice to a Responsible Officer of the Indenture Trustee of the failure of the Issuer to comply with the provisions of Section 3.05(a); shall not be required to pay any fees, Taxes or other governmental charges in connection therewith; and shall not be required to prepare any financing statement or continuation statement required pursuant to this Section 3.05 (which shall in each case be prepared by the Issuer or the Manager). The Issuer shall cooperate with the Manager and provide to the Manager any information, documents or instruments with respect to such financing statement or continuation statement that the Manager may reasonably require. Neither the Indenture Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Transaction Documents or any financing statement or

continuation statement for the creation, perfection, continuation, priority, sufficiency or protection of any of the liens, or for any defect or deficiency as to any such matters, for monitoring the status of any lien or performance of the collateral or for the accuracy or sufficiency of any financing statement or continuation statement prepared for its execution or authorization hereunder.

(c) Except as necessary or advisable in connection with the fulfillment by the Indenture Trustee of its duties and obligations described herein or in any Transaction Document, the Indenture Trustee shall not remove any portion of the Trust Estate that consists of money or is evidenced by an instrument, certificate or other writing from the jurisdiction in which it was held as described in the most recent Opinion of Counsel that was delivered pursuant to Section 3.06 (or from the jurisdiction in which it was held as described in the Opinion of Counsel delivered at the Closing Date pursuant to Section 2.12(c)), if no Opinion of Counsel has yet been delivered pursuant to Section 3.06 unless the Indenture Trustee shall have first received an Opinion of Counsel to the effect that the Lien created by this Indenture with respect to such property will continue to be maintained after giving effect to such action or actions.

(d) No later than 60 days prior to any of Financing Holdings, the Depositor or the Issuer making any change in its or their name, identity, jurisdiction of organization or structure which would make any financing statement or continuation statement filed in accordance with paragraph (a) above seriously misleading within the meaning of Section 9-506 of the UCC as in effect in New York or wherever else necessary or appropriate under applicable law, or otherwise impair the perfection of the security interest in the Trust Estate, the Issuer shall give or cause to be given to the Indenture Trustee written notice of any such change and shall file such financing statements or amendments as may be necessary to continue the perfection of the Indenture Trustee's security interest in the Trust Estate. Neither the Depositor nor the Issuer shall become or seek to become organized under the laws of more than one jurisdiction.

(e) The Issuer shall give the Indenture Trustee written notice at least 60 days prior to any relocation of Financing Holdings', the Depositor's or the Issuer's respective principal executive office or jurisdiction of organization and whether, as a result of such relocation, the applicable provisions of relevant law or the UCC would require the filing of any amendment of any previously filed financing or continuation statement or of any new financing statement and shall file such financing statements or amendments as may be necessary to continue the perfection of the Indenture Trustee's security interest in the Trust Estate. The Issuer shall at all times maintain its principal executive office and jurisdiction of organization within the United States of America.

Section 3.06 Opinions and Officer's Certificates as to Trust Estate . On the Closing Date and, if requested by the Indenture Trustee, on the date of each supplemental indenture hereto, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, and indentures supplemental hereto and other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements, as are necessary to perfect and make effective the Lien and security interest in the Trust Estate in favor

of the Indenture Trustee for the benefit of the Noteholders, created by this Indenture, subject to Permitted Liens, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make such Lien and security interest effective .

On or before the thirtieth day prior to the fifth anniversary of the Closing Date and every five years thereafter until the Stated Maturity, the Issuer (or the Manager on behalf of the Issuer) shall furnish to the Indenture Trustee an Officer's Certificate either stating that all actions have been taken with respect to the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements as is necessary to maintain the Lien created by this Indenture with respect to the Trust Estate and reciting the details of such actions or stating that no actions are necessary to maintain such Lien and security interest. The Issuer (or the Manager on behalf of the Issuer) shall also provide the Indenture Trustee with a file stamped copy of any document or instrument filed as described in such Officer's Certificate contemporaneously with the delivery of such Officer's Certificate. Such Officer's Certificate shall also describe the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and the authorization and filing of any financing statements and continuation statements that will be required to maintain the Lien of this Indenture with respect to the Trust Estate. If the Officer's Certificate delivered to the Indenture Trustee hereunder specifies future action to be taken by the Issuer, the Issuer (or the Manager on behalf of the Issuer) shall furnish a further Officer's Certificate no later than the time so specified in such former Officer's Certificate to the effect required hereby.

Section 3.07 *Statement as to Compliance* . The Issuer will deliver to the Indenture Trustee (to make available to Noteholders) within 150 days after the end of each fiscal year (beginning with fiscal year 2019), an Officer's Certificate of the Issuer stating, as to the signer thereof, that, (a) a review of the activities of the Issuer during the preceding calendar year and of its performance under this Indenture has been made under such officer's supervision, (b) to the best of such officer's knowledge, based on such review, the Issuer has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation that is continuing, specifying each such default known to such officer and the nature and status thereof and remedies therefor being pursued, and (c) to the best of such officer's knowledge, based on such review, no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default hereunder or, if such an event has occurred and is continuing, specifying each such event known to him or her and the nature and status thereof and remedies therefor being pursued.

Section 3.08 *Recording* . The Issuer will, upon the Closing Date and thereafter from time to time, prepare and cause financing statements and such other instruments as may be required with respect thereto, including without limitation, the Financing Statements to be filed, registered and recorded as may be required by present or future law (with file stamped copies thereof delivered to the Indenture Trustee) to create, perfect and protect the Lien hereof upon the Conveyed Property and the other items of the Trust Estate, and protect the validity of this Indenture. The Issuer shall, from time to time, perform or cause to be performed any other act as required by law and shall execute (or authorize, as applicable) or cause to be executed (or authorized, as applicable) any and all further instruments (including financing statements, continuation statements and similar statements with respect to any of said documents with file stamped copies thereof delivered

to the Indenture Trustee) that are necessary or reasonably requested by the Indenture Trustee for such creation, perfection and protection. The Issuer shall pay, or shall cause to be paid, all filing, registration and recording taxes and fees incident thereto, and all expenses, taxes and other governmental charges incident to or in connection with the preparation, execution, authorization, delivery or acknowledgment of the recordable documents, any instruments of further assurance, and the Notes.

Section 3.09 *Agreements Not to Institute Bankruptcy Proceedings*. The Issuer shall only voluntarily institute any proceedings to adjudicate the Issuer a bankrupt or insolvent, consent to the institution of bankruptcy or insolvency proceedings against the Issuer, file a petition seeking or consenting to reorganization or relief under any applicable federal or State law relating to bankruptcy, consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer or a substantial part of its property or admit its inability to pay its debts generally as they become due or authorize any of the foregoing to be done or taken on behalf of the Issuer, in accordance with the terms of the Issuer Operating Agreement.

Section 3.10 *Additional Covenants ; Covenants with Respect to the Managing Members and Project Companies*.

(a) So long as any of the Notes are Outstanding:

(i) The Issuer will keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes and each asset included in the Trust Estate and to perform its obligations under any of the Transaction Documents to which it is a party.

(ii) The Issuer shall not consolidate or merge with or into any other entity or convey or transfer its properties and assets substantially as an entirety to any entity unless (A) the entity (if other than the Issuer) formed or surviving such consolidation or merger, or that acquires by conveyance or transfer the properties and assets of the Issuer substantially as an entirety, shall be organized and existing under the laws of the United States of America or any State thereof as a special purpose bankruptcy remote entity, and shall expressly assume in form satisfactory to the Majority Noteholders the obligation to make due and punctual payments of principal and interest on the Notes then Outstanding and the performance of every covenant on the part of the Issuer to be performed or observed pursuant to the Indenture, (B) immediately after giving effect to such transaction, no Default or Event of Default under this Indenture shall have occurred and be continuing, (C) such consolidation, merger, conveyance or transfer would not violate any applicable Designated Transfer Restrictions and (D) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate of the Issuer and an Opinion of Counsel, each stating that such consolidation, merger, conveyance or transfer complies with this Indenture.

(iii) The funds and other assets of the Issuer shall not be commingled with those of any other Person except to the extent expressly permitted under the Transaction Documents.

(iv) The Issuer shall not be, become or hold itself out as being liable for the debts of any other Person.

(v) The Issuer shall not form, or cause to be formed, any subsidiaries.

(vi) The Issuer shall act solely in its own name and through its Authorized Officers or duly authorized officers or agents in the conduct of its business, and shall conduct its business so as not to mislead others as to the identity of the entity with which they are concerned. The Issuer shall not have any employees other than the Authorized Officers of the Issuer.

(vii) The Issuer shall maintain its records and books of account and shall not commingle its records and books of account with the records and books of account of any other Person. The books of the Issuer may be kept (subject to any provision contained in the applicable statutes) inside or outside the State of Delaware at such place or places as may be designated from time to time by the Issuer Operating Agreement.

(viii) All actions of the Issuer shall be taken by an Authorized Officer of the Issuer (or any Person acting on behalf of the Issuer).

(ix) The Issuer shall not amend its certificate of formation (except as required under Delaware law) or the Issuer Operating Agreement, without first giving prior written notice of such amendment to the Indenture Trustee (to make available to Noteholders).

(x) The Issuer shall not waive, repeal, amend, vary, supplement or otherwise modify any provision of the Issuer Operating Agreement that requires the unanimous written consent of the Issuer's members without the prior written consent of all members and shall comply with and cause compliance with the provisions of its certificate of formation and Issuer Operating Agreement.

(xi) The Issuer will maintain the formalities of the form of its organization.

(xii) The annual financial statements of the Issuer, Financing Holdings, the Depositor and their affiliates will disclose the effects of the transactions contemplated by the Transaction Documents in accordance with GAAP. Any consolidated financial statements which consolidate the assets and earnings of Financing Holdings, the Depositor and their Affiliates with those of the Issuer will contain a footnote stating that the assets of the Issuer will not be available to creditors of Financing Holdings, the Depositor, their Affiliates or any other Person. The financial statements of the Issuer, if any, will disclose that the assets of

Financing Holdings, the Depositor and their Affiliates are not available to pay creditors of the Issuer.

(xiii) Other than certain costs and expenses related to the issuance of the Notes, Financing Holdings shall not pay the Issuer's expenses, guarantee the Issuer's obligations or advance funds to the Issuer for payment of expenses except for costs and expenses for which Financing Holdings is required to make payments, in which case the Issuer will reimburse such Person for such payment.

(xiv) All business correspondences of the Issuer shall be conducted in the Issuer's own name.

(xv) Other than as contemplated by the Transaction Documents, Financing Holdings does not act and will not act as agent of the Issuer and the Issuer does not and will not act as agent of Financing Holdings.

(xvi) The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

(xvii) The Issuer shall comply with the requirements of all applicable laws (including any laws related to the provisions set forth in Sections 3.12(x) and (y)), the non-compliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Notes, this Indenture or any other Transaction Document.

(xviii) The Issuer shall not, directly or indirectly, (A) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of a beneficial interest in the Issuer or otherwise with respect to any ownership or equity interest or security in or of the Issuer or to the Manager or the Transition Manager, (B) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or security or (C) set aside or otherwise segregate any amounts for any such purpose; *provided, however*, that the Issuer may make, or cause to be made, distributions to the Manager, the Transition Manager, its beneficial owners and the Indenture Trustee as permitted by, and to the extent funds are available for such purpose under, this Indenture and the other Transaction Documents. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account or any other Account except in accordance with this Indenture and the other Transaction Documents.

(xix) The Issuer shall determine whether or not to exercise its Purchase Option with respect to each Partnership Project Company and Lessee, as applicable, in accordance with the Purchase Standard. The Issuer will make such determination, and if it determines to do so, will exercise such Purchase Option, within the applicable Purchase Option Period in accordance with the terms and conditions of the applicable Project Company LLCA. Such determination will take into account whether sufficient funds are available in the Supplemental Reserve

Account to pay the related Purchase Option Price, and if such funds are not then available in the Supplemental Reserve Account, the Issuer will make a determination, in accordance with the Purchase Standard, whether to exercise such Purchase Option as soon thereafter as such funds are available in the Supplemental Reserve Account. Upon the Issuer's exercise and completion of a Purchase Option with respect to the membership interest of the related Tax Equity Investor Member, the Issuer shall (i) instruct the related Partnership Project Company or Lessee, as applicable, to pay all distributions to be made by such Partnership Project Company or Lessee, as applicable, to the Issuer in respect of such membership interest directly to the Collection Account and deliver to the Indenture Trustee the original certificate of such membership interest together with instruments of transfer executed in blank, (ii) cause the related Managing Member to execute and deliver to the Indenture Trustee a Managing Member Pledge Agreement and deliver to the Indenture Trustee the original certificate of such membership interest together with instruments of transfer executed in blank, and (iii) cause the related Managing Member to amend the applicable Project Company LLCA to require such Partnership Project Company or Lessee, as applicable, to have at all times an Independent Manager, the consent of which is required for actions typically requiring the consent of an independent member or independent director.

(xx) The Issuer shall not waive, repeal, amend, vary, supplement or otherwise modify any provision of the Hedge Agreement without the consent of the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class).

(b) So long as any of the Notes remain Outstanding, the Issuer agrees, as the managing member of each Managing Member, that it will:

(i) cause such Managing Member (A) to cause the related Project Company to make all Managing Member Distributions with respect to such Managing Member directly to the Collection Account and (B) to deliver to the Indenture Trustee for deposit into the Collection Account any Managing Member Distributions received by such Managing Member;

(ii) cause such Managing Member to comply with the provisions of its Managing Member LLCA and not to take any action that would cause such Managing Member to violate the provisions of its Managing Member LLCA;

(iii) cause such Managing Member to maintain all material licenses and permits required to carry on its business as now conducted and in accordance with the provisions of the Transaction Documents, except to the extent the failure to do so could not reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(iv) not permit or consent to the admission of any new member of such Managing Member other than a successor independent member in accordance with the provisions of its Managing Member LLCA;

(v) not make any material amendment to the limited liability company agreement of such Managing Member that could reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(vi) cause such Managing Member to, and cause the related Project Company to (A) comply with the provisions of its Project Company LLCA and (B) not take any action that would violate the provisions of such Project Company LLCA;

(vii) cause such Managing Member (A) to comply with and enforce the provisions of the related Tax Loss Insurance Policy, if any, and (B) not to consent to any amendment to the related Tax Loss Insurance Policy, if any, to the extent that such amendment could reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(viii) so long as such Managing Member is the managing member of a Project Company, cause such Project Company to comply with and enforce the provisions of the related Tax Loss Insurance Policy, if any;

(ix) so long as such Managing Member is the managing member of a Project Company, cause such Project Company to maintain all material licenses and permits required to carry on its business as now conducted and in accordance with the provisions of the Project Company Documents, except to the extent the failure to do so could not reasonably be expected to have a material adverse effect on the interests of the Noteholders;

(x) not permit such Managing Member to consent to the admission of any new member of the related Project Company other than pursuant to the exercise of the related Purchase Option by such Managing Member;

(xi) cause such Managing Member to not consent to or approve any material amendment to the related Project Company LLCA or other Project Company Document that could reasonably be expected to have a material adverse effect on the interests of the Noteholders except to the extent that any such consent is expressly required pursuant to the terms of the applicable Project Company LLCA; *provided, however*, that such Managing Member may enter into the BBA Amendments without consent of the Noteholders, the Indenture Trustee or any other Person; and

(xii) cause such Managing Member to not consent to or approve any termination or removal of the related Administrative Services Provider or Maintenance Services Provider unless approved by the Majority Noteholders of the Controlling Class.

Section 3.11 *Providing of Notice* .

(a) The Issuer, upon learning of any failure on the part of a Vivint Solar Party to observe or perform in any material respect any covenant, representation or warranty set forth in the any Transaction Document to which it is a party, as applicable, which would reasonably be expected to have a material adverse effect on the Issuer, the Trust Estate, the Noteholders or the Notes or upon learning of any Event of Default, Manager Termination Event, proposed material amendment of any Project Company Document or resignation or removal of an Administrative Services Provider or Maintenance Services Provider, shall promptly notify, in writing, the Indenture Trustee, the Noteholders and the Depositor of such failure or Event of Default, Manager Termination Event, proposed material amendment of any Project Company Document or resignation or removal of an Administrative Services Provider or Maintenance Services Provider.

(b) The Indenture Trustee, upon receipt of written notice by a Responsible Officer thereof of the Performance Guarantor's failure to perform any covenant or obligation of the Performance Guarantor set forth in the Performance Guaranty, shall promptly notify, in the writing the Performance Guarantor of such failure.

(c) As soon as possible, and in any event within five (5) Business Days, after the Issuer or any of its ERISA Affiliates knows or has reason to know that an ERISA Event has occurred, the Issuer deliver to the Indenture Trustee a certificate of a Responsible Officer of the Issuer setting forth the details of such ERISA Event, the action that the Issuer or the ERISA Affiliate proposes to take with respect thereto, and, when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or the Pension Benefit Guaranty Corporation.

(d) To the extent any such notice has not been separately provided by a party to the Transaction Documents directly to the Indenture Trustee, the Issuer shall promptly, and in any event within five (5) Business Days, after receipt thereof by the Issuer, deliver to the Indenture Trustee copies of all material notices, requests, and other documents (excluding regular periodic reports) delivered or received by the Issuer under or in connection with the Transaction Documents.

(e) To the extent any such notice has not been separately provided by a party to the Transaction Documents directly to the Indenture Trustee, the Issuer shall promptly, and in any event within five (5) Business Days, after receipt thereof by any the Issuer, deliver to the Indenture Trustee copies of all notices and other documents delivered or received by such Issuer with respect to any material Liens on the Trust Estate (either individually or in the aggregate) other than Permitted Liens.

Section 3.12 *Representations and Warranties of the Issuer* . The Issuer hereby represents and warrants to the Indenture Trustee and the Noteholders that as of the Closing Date:

(a) The Issuer is duly formed and is validly existing as a limited liability company in good standing under the laws of the State of Delaware with full power and authority to execute and deliver this Indenture, the Management Agreement, the Depositor

Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party and to perform the terms and provisions hereof and thereof; the Issuer is duly qualified to do business as a foreign business entity in good standing, and has obtained all required licenses and approvals, if any, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications except those jurisdictions in which failure to be so qualified would not have a material adverse effect on the business or operations of the Issuer, the Trust Estate, the Noteholders or the Conveyed Property.

(b) All necessary action has been taken by the Issuer to authorize the Issuer, and the Issuer has full power and authority, to execute, deliver and perform its obligations under this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party, and no consent or approval of any Person is required for the execution, delivery or performance by the Issuer of this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party.

(c) This Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party have been duly executed and delivered, and the execution and delivery of this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party by the Issuer and its performance and compliance with the terms hereof and thereof will not violate its certificate of formation or the Issuer Operating Agreement or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach of, any material contract or any other material agreement or instrument (including, without limitation, the Transaction Documents) to which the Issuer is a party or which may be applicable to the Issuer or any of its assets.

(d) This Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party constitute valid, legal and binding obligations of the Issuer, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(e) The Issuer is not in violation of, and the execution, delivery and performance of this Indenture, the Management Agreement, the Depositor Contribution Agreement, the Custodial Agreement and each other Transaction Document to which it is a party by the Issuer will not constitute a violation with respect to, any order or decree of any court or any order, regulation or demand of any federal, State, municipal or governmental agency, which violation might have consequences that would materially and adversely affect the condition (financial or other) or operations of the Issuer or its properties or might have consequences that would materially affect the performance of its duties hereunder or thereunder.

(f) No proceeding of any kind, including but not limited to litigation, arbitration, judicial or administrative, is pending or, to the Issuer's knowledge, threatened against or contemplated by the Issuer which could reasonably be expected to have a material adverse effect on the execution, delivery, performance or enforceability of this Indenture, the Notes or any other Transaction Document.

(g) None of the assets of the Issuer are or will be subject to Title I of ERISA, Section 4975 of the Code, or, by reason of any investment in the Issuer by any governmental plan, as the case may be, any other federal, state, or local provision similar to Section 406 of ERISA or Section 4975 of the Code. Neither the Issuer nor any of its ERISA Affiliates has maintained, participated or had any liability in respect of any Plan during the past six (6) years which could reasonably be expected to subject the Issuer or any of its ERISA Affiliates to any tax, penalty or other liabilities. With respect to any Plan which is a Multi-Employer Plan, no such Multi-Employer Plan shall be "insolvent," as defined in Title IV ERISA, in each case, if the insolvent status continues unremedied for thirty (30) days. No ERISA Event has occurred or is reasonably likely to occur.

(h) Each of the representations and warranties of the Issuer set forth in the Management Agreement, the Depositor Contribution Agreement, the Issuer Operating Agreement and each other Transaction Document to which it is a party is, as of the Closing Date, true and correct in all material respects.

(i) There are no ongoing breaches or defaults under the Transaction Documents or any of the Project Company Documents by the Issuer or any of its affiliates or, to its Knowledge, any of the other parties to the Transaction Documents or Project Company Documents.

(j) The written information (other than financial projections, forward looking statements, and information of a general economic or industry specific nature) that has been made available to the Agent or the Purchaser by or on behalf of the Issuer or any Affiliate thereof in connection with the transactions hereunder including any written statement or certificate of factual information, when taken as a whole, does not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in the light of the circumstances under which such statements are made (giving effect to all supplements and updates thereto).

(k) The Issuer has not incurred debt or engaged in activities not related to the transactions contemplated hereunder except as permitted by the Issuer Operating Agreement or Section 3.04.

(l) The Issuer is not insolvent and will not become insolvent as a result of the Grant pursuant to this Indenture; the Issuer is not engaged and is not about to engage in any business or transaction for which any property remaining with the Issuer is unreasonably small capital or for which the remaining assets of the Issuer are unreasonably small in relation to the business of the Issuer or the transaction; the Issuer does not intend to incur, and does not believe or reasonably should not have believed that it would incur,

debts beyond its ability to pay as they become due; and the Issuer has not made a transfer or incurred an obligation and does not intend to make such a transfer or incur such an obligation with actual intent to hinder, delay or defraud any entity to which the Issuer was or became, on or after the date that such transfer was made or such obligation was incurred, indebted.

(m) The proceeds from the issuance of the Notes will be used by the Issuer to (i) pay the Depositor the purchase price for the Depositor Conveyed Property pursuant to the Depositor Contribution Agreement, (ii) pay certain expenses incurred in connection with the issuance of the Notes including payment of the one-time premiums for the Tax Loss Insurance Policies and (iii) make the required deposits into the Liquidity Reserve Account, the Supplemental Reserve Account and the Collection Account. The Depositor will distribute the portion of the proceeds from the sale of the Notes received from the Issuer under clause (i) above to Financing Holdings, which will use such proceeds to simultaneously prepay prior financing arrangements of its subsidiaries and to obtain releases of all assets securing such financing arrangements that will form part of the Trust Estate.

(n) The transfer of the Holdings Conveyed Property by Financing Holdings to the Depositor pursuant to the Holdings Contribution Agreement is an absolute transfer for legal purposes, (ii) the transfer of the Depositor Conveyed Property by the Depositor to the Issuer pursuant to the Depositor Contribution Agreement is an absolute transfer for legal purposes, (iii) the Grant of the Trust Estate by the Issuer pursuant to the terms of this Indenture is a pledge for financial accounting purposes and U.S. federal income tax purposes, and (iv) the Notes will be treated by the Issuer as indebtedness for U.S. federal income tax purposes, unless otherwise required by applicable law as determined by a Final Determination. In this regard, (i) the financial statements of Financing Holdings and the Depositor and their consolidated subsidiaries will show (A) that the Depositor Conveyed Property is owned by such consolidated group and (B) that the Notes are indebtedness of the consolidated group (and will contain footnotes describing the transfer to the Issuer and the pledge to the Indenture Trustee for the benefit of the Noteholders), and (ii) the U.S. federal income tax returns of Financing Holdings and the Depositor and their consolidated subsidiaries will indicate that the Notes are indebtedness unless otherwise required by applicable law as determined by a Final Determination.

(o) The Issuer has timely filed all federal, state, provincial, territorial, foreign and other Tax returns and reports required to be filed under applicable law, and has timely paid all material federal, state, foreign and other Taxes levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate actions diligently conducted and for which adequate reserves have been provided in accordance with GAAP. No Lien or similar adverse claim has been filed, and no claim is being asserted, with respect to any such Tax due from the Issuer or with respect to the Depositor Conveyed Property or the assignments thereto. Any Taxes due and payable by the Issuer or its predecessors in interest in connection with the execution and delivery of this Agreement and the other Transaction Documents and the transfers and transactions contemplated hereby or thereby have been paid or shall have been paid if and when due. The Issuer is not liable for Taxes payable by any other Person.

(p) As of the Cut -Off Date, the Aggregate Discounted Solar Asset Balance is approximately \$506,522,941 and the Securitization Share of Aggregate Discounted Solar Asset Balance is \$405,505,185.

(q) The legal name of the Issuer is as set forth in the introductory paragraph to this Indenture; the Issuer has no trade names, fictitious names, assumed names or "doing business as" names.

(r) The Issuer has not taken any action or failed to take any action that could cause it to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

(s) No item comprising the Conveyed Property has been sold, transferred, assigned or pledged by the Issuer to any Person other than the Indenture Trustee; immediately prior to the pledge of the Conveyed Property to the Indenture Trustee pursuant to this Indenture, the Issuer was the sole owner thereof and had good and indefeasible title thereto, free of any Lien other than Permitted Liens.

(t) Upon (i) the filing of the Perfection UCCs in accordance with applicable law and (ii) the delivery to the Indenture Trustee of the certificates evidencing the limited liability company interests in the Managing Member, together with instruments of transfer, the Indenture Trustee, for the benefit of the Noteholders, shall have a first priority perfected security interest in the Conveyed Property and in the proceeds thereof, limited with respect to proceeds to the extent set forth in Section 9-315 of the UCC as in effect in the applicable jurisdiction, subject to Permitted Liens. All filings (including, without limitation, UCC filings) and other actions as are necessary in any jurisdiction to provide third parties with notice of and to perfect the transfer and assignment of the Trust Estate to the Issuer and to give the Indenture Trustee a first perfected security interest in the Trust Estate (subject to Permitted Liens) and the payment of any fees, have been made or, with respect to Termination Statements, will be made within one Business Day of the Closing Date.

(u) None of the absolute transfer of the Holdings Conveyed Property by Financing Holdings to the Depositor pursuant Holdings Contribution Agreement, the absolute transfer of the Depositor Conveyed Property by the Depositor to the Issuer pursuant to the Depositor Contribution Agreement, or the Grant by the Issuer to the Indenture Trustee pursuant to this Indenture is subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(v) The Issuer is not and, after giving effect to the offering and sale of the Notes and the application of the proceeds thereof, will not be required to register as an "investment company" as such term is defined in the 1940 Act. In making this determination, the Issuer is relying primarily on an exclusion from the definition of "investment company" or an exemption from registration under the 1940 Act, as contained in Section 3(a)(1) of the 1940 Act, although additional exclusions or exemptions may be available to the Issuer on the Closing Date or in the future. The Issuer is being structured so as not to constitute a "covered fund" for purposes of Section 619 of the Dodd Frank

(w) The principal place of business and the chief executive office of the Issuer are located in the State of Utah and the jurisdiction of organization of the Issuer is the State of Delaware, and there are no other such locations.

(x) None of the Vivint Solar Parties, nor any of their respective officers, directors or employees appears on the Specially Designated Nationals and Blocked Persons List published by the Office of Foreign Assets Control ("OFAC") or is otherwise a person with which any U.S. person is prohibited from dealing under the laws of the United States, unless authorized by OFAC. None of the Vivint Solar Parties, conducts business or completes transactions with the governments of any country subject to comprehensive economic sanctions, or persons subject to specific economic sanctions administered and enforced by OFAC. None of the Vivint Solar Parties will directly or indirectly use the proceeds from this Agreement, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person to fund any activities of or business with any person that, at the time of such funding, is subject to comprehensive or specific economic sanctions administered or enforced by OFAC, or is in any country or territory that, at the time of such funding or facilitation, is subject to comprehensive or specific economic sanctions administered or enforced by OFAC. None of the Vivint Solar Parties is in violation of Executive Order No. 13224 or the Patriot Act.

(y) None of the Vivint Solar Parties, nor any of their respective directors, officers, or employees, nor to the knowledge of the Vivint Solar Parties, any of their agents, shall use any of the proceeds of the sale of the Notes (i) for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) to make any direct or indirect unlawful payment to any government official or employee from corporate funds, (iii) to violate any provision of the U.S. Foreign Corrupt Practices Act of 1977 or similar anti-corruption law to which they are lawfully subject, or (iv) to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(z) Representations and warranties regarding the security interest and Custodian Files, in each case, made as of the Closing Date:

(i) The Grant contained in the "Granting Clause" of this Indenture creates a valid and continuing security interest (as defined in the applicable UCC) in the Conveyed Property in favor of the Indenture Trustee, which security interest is prior to all other Liens arising under the UCC (other than Permitted Liens), and is enforceable as such against creditors of the Issuer, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(ii) The Issuer has taken all steps necessary to perfect its ownership interest in 100% of the Managing Member Membership Interests.

(iii) The limited liability company interest in each Managing Member constitutes "investment property" within the meaning of the UCC.

(iv) The Issuer owns and has good and marketable title to the Conveyed Property free and clear of any Lien, claim or encumbrance of any Person, other than Permitted Liens.

(v) The Issuer has caused or will have caused, within ten days of the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Conveyed Property granted to the Indenture Trustee hereunder.

(vi) The Issuer has received a Certification from the Custodian that the Custodian is holding the Custodian Files that evidence the Solar Assets on behalf the Indenture Trustee for the benefit of the Noteholders.

(vii) Other than the security interest granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any portion of the Trust Estate, except for Hedged SRECs sold to Hedged SREC Affiliates. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of collateral covering any portion of the Trust Estate other than any financing statement relating to the security interest granted to the Indenture Trustee hereunder or that have been terminated. The Issuer is not aware of any judgment or tax lien filings against the Issuer.

(viii) The Issuer has taken all action required on its part for control (as defined in Section 8-106 of the UCC) to have been obtained by the Indenture Trustee on behalf of the Noteholders over the limited liability company interests in each Managing Member with respect to which such control may be obtained pursuant to the UCC. No person other than the Indenture Trustee on behalf of the Noteholders has control or possession of all or any part of the limited liability company interests in the Managing Members. Without limiting the foregoing, all certificates evidencing the limited liability company interests in the Managing Members in existence on the date hereof have been delivered to the Indenture Trustee on behalf of the Noteholders.

The foregoing representations and warranties in Section 3.12(z)(i)-(viii) shall remain in full force and effect and shall not be waived or amended until the Notes are paid in full or otherwise released or discharged.

Section 3.13 *Representations and Warranties of the Indenture Trustee* . The Indenture Trustee hereby represents and warrants to the Noteholders that as of the Closing Date:

(a) The Indenture Trustee has been duly organized and is validly existing as a national banking association;

(b) The Indenture Trustee has full power and authority and legal right to execute, deliver and perform its obligations under this Indenture and each other Transaction Document to which it is a party and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and each other Transaction Document to which it is a party;

(c) This Indenture and each other Transaction Document to which it is a party have been duly executed and delivered by the Indenture Trustee and constitute the legal, valid, and binding obligations of the Indenture Trustee, enforceable against the Indenture Trustee in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, liquidation, moratorium, fraudulent conveyance, or similar laws affecting creditors' or creditors of banks' rights and/or remedies generally or by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law);

(d) The execution, delivery and performance of this Indenture and each other Transaction Document to which it is a party by the Indenture Trustee will not constitute a violation with respect to any order or decree of any court or any order, regulation or demand of any federal, State, municipal or governmental agency binding on the Indenture Trustee or such of its property which is material to it, which violation might have consequences that would materially and adversely affect the performance of its duties under this Indenture;

(e) The execution, delivery and performance of this Indenture and each other Transaction Document to which it is a party by the Indenture Trustee do not require any approval or consent of any Person, do not conflict with the Articles of Association and Bylaws of the Indenture Trustee, and do not and will not conflict with or result in a breach which would constitute a material default under any agreement applicable to it or such of its property which is material to it; and

(f) No proceeding of any kind, including but not limited to litigation, arbitration, judicial or administrative, is pending or, to the Indenture Trustee's knowledge, threatened against or contemplated by the Indenture Trustee which would have a reasonable likelihood of having an adverse effect on the execution, delivery, performance or enforceability of this Indenture or any other Transaction Document to which it is a party by or against the Indenture Trustee.

Section 3.14 *Knowledge* . Any references herein to the knowledge, discovery or learning of the Issuer or the Manager shall mean and refer to actual knowledge of an Authorized Officer of the Issuer or the Manager, as applicable.

Section 3.15 *Reporting Requirements* . The Issuer shall furnish to the Indenture Trustee for delivery (for which electronic means shall be sufficient) to each Noteholder, within (a) one hundred fifty (150) days after the close of each fiscal year of Vivint Solar (beginning with the fiscal year ending December 31, 2018), the unqualified audited financial statements for such fiscal year of the Issuer and Vivint Solar (on a consolidated basis for the applicable Person and its consolidated subsidiaries as of the end of such fiscal year) and the related consolidated statements of income, of stockholders' equity and of cash flows for such fiscal year, in each case, setting forth comparative figures for the preceding fiscal year, and, beginning with the fiscal year ending December 31, 2018 and (b) sixty (60) days after the end of each of its first three fiscal quarters (beginning with the quarter ending June 30, 2018), the unaudited balance sheets and income statements for such fiscal quarter on a year -to -date basis for the Issuer and Vivint Solar (on a consolidated basis for the applicable Person and its consolidated subsidiaries); provided, that the obligation of the Issuer to furnish the financial statements of the Vivint Solar pursuant to this clause (i) shall be satisfied so long as any such financial statements 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.

Section 3.16 *On-Site Inspections and Visits* .

(a) Prior to the occurrence of a Default, Event of Default, Manager Termination Event, MSA Termination Event or ASA Termination Event, not more than one (1) time during any given twelve (12) month period (at the expense of the Issuer), the Issuer shall permit (and, as applicable, shall cause Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) and each Managing Member to permit) the Noteholders or their duly authorized representatives or independent contractors, upon reasonable advance notice to the Issuer (and, as applicable, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) and each Managing Member), (i) access to documentation that the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) or any applicable Managing Member may possess regarding the Solar Assets, (ii) to visit the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) and each Managing Member and to discuss their respective business operations, affairs, finances and accounts (as they relate to their respective obligations under this Agreement and the other Transaction Documents) with the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) or such Managing Member, their respective officers, and independent accountants (subject to such accountants' customary policies and procedures), and (iii) to examine the books of account and records of the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) and each such Managing Member as they relate to the Solar Assets, to make copies thereof or extracts therefrom, in each case, at such reasonable times and during regular business hours of the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under

the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) or the applicable Managing Member (collectively, the “**On-Site Inspections and Visits**”). After the occurrence of Default, Event of Default, Manager Termination Event, MSA Termination Event or ASA Termination Event, the Noteholders or their duly authorized representatives or independent contractors may, in its sole discretion regarding frequency (at the expense of the Issuer), upon 3 Business Days’ prior notice, perform On-Site Inspections and Visits. Notwithstanding anything to the contrary in this Section 3.16, (i) none of the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) or any Managing Member will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (x) constitutes non financial trade secrets or non financial proprietary information, (y) in respect of which disclosure to a Noteholder (or their respective representatives or contractors) is prohibited by law or any binding confidentiality agreement, or (z) is subject to attorney client or similar privilege or constitutes attorney work product, and (ii) the Issuer shall have the opportunity to participate in any discussions with the Issuer’s independent accountants. The Noteholders shall and shall cause their representatives or independent contractors to conduct all On-Site Inspections and Visits during normal business hours and to use commercially reasonable efforts to avoid interruption of the normal business operations of the Issuer, Vivint Solar Provider (or any affiliate thereof that is a successor thereto under the Management Agreement, Maintenance Services Agreement or Administrative Services Agreement) or any Managing Member.

Section 3.17 *Rule 144A Information*. So long as any of the Notes are outstanding, and the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Noteholder, the Issuer shall promptly furnish at such Noteholder’s expense to such Noteholder, and the prospective purchasers designated by such Noteholder, Rule 144A Information in order to permit compliance with Rule 144A under the Securities Act in connection with the resale of such Notes by such Noteholder.

Section 3.18 *Hedge Requirements*. The Issuer shall at all times maintain one or more Hedge Agreements in accordance with the Hedge Requirement.

#### ARTICLE IV.

##### MANAGEMENT, ADMINISTRATION AND SERVICING

Section 4.01 *Management Agreement*. (a) The Management Agreement, duly executed counterparts of which have been delivered to the Indenture Trustee, sets forth the covenants and obligations of the Manager with respect to the Trust Estate and other matters addressed in the Management Agreement, and reference is hereby made to the Management Agreement for a detailed statement of said covenants and obligations of the Manager thereunder. The Issuer agrees that the Indenture Trustee, in its name or (to the extent required by law) in the name of the Issuer, shall, if so directed and indemnified by the Majority Noteholders of the Controlling Class, enforce all rights of the Issuer under the Management Agreement for and on behalf of the Noteholders whether or not the Issuer is in default hereunder.

(b) Promptly following a request from the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class) to do so, the Issuer shall take all such lawful action as the Indenture Trustee may request to compel or secure the performance and observance by the Manager of each of its obligations to the Issuer and with respect to the Trust Estate under or in connection with the Management Agreement, in accordance with the terms thereof, and in effecting such request shall exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Management Agreement to the extent and in the manner directed by the Indenture Trustee, including, without limitation, the transmission of notices of default on the part of the Manager thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Manager of each of its obligations under the Management Agreement.

(c) The Issuer shall not waive any default by the Manager under the Management Agreement if the effect thereof would adversely affect the Holders of the Notes without the written consent of the Indenture Trustee (which shall be given at the written direction of the Majority Noteholders of the Controlling Class).

(d) The Indenture Trustee does not assume any duty or obligation of the Issuer under the Management Agreement, and the rights given to the Indenture Trustee thereunder are subject to the provisions of Article VII.

(e) With respect to the Manager's obligations under Section 4.3 of the Management Agreement, the Indenture Trustee shall not have any responsibility to the Issuer, the Manager or any party hereunder to make any inquiry or investigation as to, and shall have no obligation in respect of, the terms of any engagement of the Independent Accountants by the Manager; *provided, however* that the Indenture Trustee shall be authorized, upon receipt of written direction from the Manager directing the Indenture Trustee, to execute any acknowledgment or other agreement with the Independent Accountant required for the Indenture Trustee to receive any of the reports or instructions provided for herein, which acknowledgment or agreement may include, among other things, (i) acknowledgment that the Manager has agreed that the procedures to be performed by the Independent Accountants are sufficient for the Issuer's purposes, (ii) acknowledgment that the Indenture Trustee has agreed that the procedures to be performed by the Independent Accountants are sufficient for the Indenture Trustee's purposes and that the Indenture Trustee's purposes is limited solely to receipt of the report, (iii) releases by the Indenture Trustee (on behalf of itself and the Noteholders) of claims against the Independent Accountants and acknowledgement of other limitations of liability in favor of the Independent Accountants, and (iv) restrictions or prohibitions on the disclosure of information or documents provided to it by such firm of Independent Accountants (including to the Noteholders). Notwithstanding the foregoing, in no event shall the Indenture Trustee be required to execute any agreement in respect of the Independent Accountants that the Indenture Trustee determines adversely affects it in its individual capacity or which is in a form that is not reasonably acceptable to the Indenture Trustee.

(f) In the event such independent public accountants require the Indenture Trustee or the Transition Manager to agree to the procedures to be performed by such firm in any of the reports required to be prepared pursuant to Section 4.01(c), the Manager shall direct the Indenture Trustee or the Transition Manager in writing to so agree; it being understood and agreed that the Indenture Trustee or the Transition Manager will deliver such letter of agreement in conclusive reliance upon the direction of the Manager, and the Indenture Trustee or the Transition Manager has not made any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Neither the Indenture Trustee nor the Transition Manager shall be liable for any claims, liabilities or expenses relating to such accountants' engagement or any report issued in connection with such engagement, and the dissemination of any such report is subject to the written consent of the accountants.

#### ARTICLE V.

##### ACCOUNTS, COLLECTIONS, PAYMENTS OF INTEREST AND PRINCIPAL, RELEASES, AND STATEMENTS TO NOTEHOLDERS

Section 5.01 *Accounts*. (a) (i) On or prior to the Closing Date, the Issuer shall cause the Indenture Trustee to establish and maintain in the name of the Indenture Trustee, for the benefit of the Noteholders, four Eligible Accounts: (i) a collection account in which Managing Member Distributions, on the Closing Date, the Collection Account Closing Date Deposit, and certain other amounts will be deposited from time to time (the "*Collection Account*"), (ii) a supplemental reserve account in which the Supplement Reserve Account Initial Deposit will be deposited on the Closing Date and the Supplemental Reserve Account Deposit will be deposited from time to time (the "*Supplemental Reserve Account*"), (iii) a liquidity reserve account in which amounts necessary to maintain the Liquidity Reserve Account Required Deposit will be deposited from time to time (the "*Liquidity Reserve Account*") and (iv) a tax loss insurance proceeds account in which all proceeds of a Tax Loss Insurance Policy received by the Indenture Trustee with respect to any Tax Loss Indemnity will be deposited from time to time (the "*Tax Loss Insurance Proceeds Account*"), in each case, bearing a designation that the funds deposited therein are held for the benefit of the Noteholders. Each of the Collection Account, the Supplemental Reserve Account, the Liquidity Reserve Account and the Tax Loss Insurance Proceeds Account will initially be established with the Indenture Trustee.

(b) Funds on deposit in the Collection Account, the Supplemental Reserve Account and the Liquidity Reserve Account shall be invested by the Indenture Trustee (or any custodian with respect to funds on deposit in any such account) in Eligible Investments selected in writing by the Manager (pursuant to standing instructions or otherwise). All such Eligible Investments shall be held by or on behalf of the Indenture Trustee for the benefit of the Noteholders.

(c) All investment earnings pursuant to Section 5.01(b) of moneys deposited into the Collection Account, the Supplemental Reserve Account and the Liquidity Reserve Account shall be deposited (or caused to be deposited) by the Indenture Trustee into the Collection Account, and any loss resulting from such investments shall be charged to such Account. No investment of any amount held in any of the Collection Account, the Supplemental Reserve Account and the Liquidity Reserve Account shall mature later than the Business Day immediately preceding the Payment Date which is scheduled to occur immediately following the date of investment. The Manager, on behalf of the Issuer, will not direct the Indenture Trustee to make any investment of any funds held in any of the Accounts unless the security interest Granted and perfected in such account will continue to be perfected in such investment, in either case without any further action by any Person.

(d) The Indenture Trustee shall not in any way be held liable by reason of any insufficiency in any of the Accounts resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to follow instructions of the Issuer in accordance with Section 5.01, negligence or bad faith, or its failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as Indenture Trustee, in accordance with their terms.

(e) Funds on deposit in any Account shall remain uninvested if (i) the Manager shall have failed to give investment directions in writing for any funds on deposit in any Account to the Indenture Trustee by 1:00 p.m. Eastern time (or such other time as may be agreed by the Manager and the Indenture Trustee) on any Business Day; or (ii) based on the actual knowledge of, or receipt or written notice by, a Responsible Officer of the Indenture Trustee, a Default or Event of Default shall have occurred and be continuing with respect to the Notes but the Notes shall not have been declared due and payable, or, if such Notes shall have been declared due and payable following an Event of Default, amounts collected or receivable from the Trust Estate are being applied as if there had not been such a declaration.

(f) [Reserved].

(g) (i) The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Accounts and in all proceeds thereof (including, without limitation, all investment earnings on the Collection Account) and all such funds, investments, proceeds and income shall be part of the Trust Estate. Except as otherwise provided herein, the Accounts shall be under the control (as defined in Section 9-104 of the UCC to the extent such account is a deposit account and Section 8-109 of the UCC to the extent such account is a securities account) of the Indenture Trustee for the benefit of the Noteholders. If, at any time, any of the Accounts ceases to be an Eligible Account, the Indenture Trustee (or the Manager on its behalf) shall within five Business Days establish a new Account as an Eligible Account and shall transfer any cash and/or any investments to such new Account. In connection with the foregoing, the Manager agrees that, in the event that any of the Accounts are not accounts with the Indenture Trustee, the Manager shall notify the Indenture Trustee in writing promptly upon any of such Accounts ceasing to be an Eligible Account.

(ii) With respect to the Account Property, the Indenture Trustee agrees that:

(A) any Account Property that is held in deposit accounts shall be held solely in Eligible Accounts; and, except as otherwise provided herein, each such Eligible Account shall be subject to the exclusive custody and control of the Indenture Trustee, and the Indenture Trustee shall have sole signature authority with respect thereto;

(B) any Account Property that constitutes physical property shall be delivered to the Indenture Trustee in accordance with paragraph (i)(A) or (i)(B), as applicable, of the definition of "Delivery" and shall be held, pending maturity or disposition, solely by the Indenture Trustee or a securities intermediary (as such term is defined in Section 8-102(a)(14) of the UCC) acting solely for the Indenture Trustee;

(C) any Account Property that is a book-entry security held through the Federal Reserve System pursuant to federal book-entry regulations shall be delivered in accordance with paragraph (1)(c) or (1)(e), as applicable, of the definition of "Delivery" and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued book-entry registration of such Account Property as described in such paragraph;

(D) any Account Property that is an "uncertificated security" under Article 8 of the UCC and that is not governed by clause (C) above shall be delivered to the Indenture Trustee in accordance with paragraph (i)(D) of the definition of "Delivery" and shall be maintained by the Indenture Trustee, pending maturity or disposition, through continued registration of the Indenture Trustee's (or its nominee's) ownership of such security;

(E) the Manager shall have the power, revocable by the Indenture Trustee upon the occurrence of a Manager Termination Event, to instruct the Indenture Trustee to make withdrawals and payments from the Accounts for the purpose of permitting the Manager and the Indenture Trustee to carry out their respective duties hereunder; and

(F) any Account held by it hereunder shall be maintained as a "securities account" as defined in the Uniform Commercial Code as in effect in New York (the "*New York UCC*"), and that it shall be acting as a "securities intermediary" for the Indenture Trustee itself as the "entitlement holder" (as defined in Section 8-102(a)(7) of the New York UCC) with respect to each such Account. The parties hereto agree that each Account shall be governed by the laws of the State of New York, and regardless of any provision in any other agreement, the "securities intermediary's jurisdiction" (within the meaning of Section 8-110 of the New York UCC)

shall be the State of New York. The Indenture Trustee acknowledges and agrees that (1) each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Accounts shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the New York UCC and (2) notwithstanding anything to the contrary, if at any time the Indenture Trustee shall receive any order from the Indenture Trustee (solely in its capacity as securities intermediary) directing transfer or redemption of any financial asset relating to the Accounts, the Indenture Trustee shall comply with such entitlement order without further consent by the Issuer, or any other person. In the event of any conflict of any provision of this Section 5.01(g)(ii)(F) with any other provision of this Indenture or any other agreement or document, the provisions of this Section 5.01(g)(ii)(F) shall prevail.

*Section 5.02 Supplemental Reserve Account and Tax Loss Insurance Proceeds Account*. (a) (i) On the Closing Date, the Issuer shall deliver to the Indenture Trustee an amount equal to the Supplemental Reserve Account Initial Deposit for deposit into the Supplemental Reserve Account. On each Payment Date, to the extent of Available Funds and in accordance with and subject to the Priority of Payments, the Indenture Trustee shall, based on the Semi-Annual Manager Report, deposit into the Supplemental Reserve Account an amount equal to the Supplemental Reserve Account Deposit until the amount on deposit equals the Supplemental Reserve Account Required Balance.

(ii) The Indenture Trustee shall release funds from the Supplemental Reserve Account to pay the following amounts upon direction from the Manager set forth in an Officer's Certificate (no more than once per calendar month); *provided* that if the amount available in the Supplemental Reserve Account is less than all such amounts, the Indenture Trustee shall release such funds in the following order of priority:

(A) the costs (inclusive of labor costs) of replacement of any inverter that no longer has the benefit of a manufacturer warranty and for which (A) the Maintenance Services Provider is not obligated under the related Maintenance Services Agreement to cover the replacement costs of such inverter (or if so obligated, fails to pay such costs), for the purpose of funding a loan by the Managing Member to the related Project Company to pay for the replacement of such inverter (or, if such a loan would not be permitted under the applicable Project Company LLCA, the Managing Member shall provide such amount in the form of an additional capital contribution to the Project Company) or (B) the Manager in its role as Maintenance Services Provider has paid under the related Maintenance Services Agreement;

(B) to the Tax Loss Insurance Proceeds Account, the amount of any deductible in connection with each claim paid by the Tax Loss Insurers under the Tax Loss Insurance Policies plus the amount of the difference, if any, between (a) the amount of a Tax Loss Indemnity minus (b) the sum of the amount of proceeds of the Tax Loss Insurance Policies received by the loss payee under the Tax Loss Insurance Policies with respect to such Tax Loss Indemnity and the amount of any deductible in connection therewith; and

(C) the Purchase Option Price when due and payable under the terms of the related Project Company LLCA upon exercise by the related Managing Member of the related Purchase Option or the Withdrawal Amount upon the exercise by the related Tax Equity Investor of the Withdrawal Option; provided, however, that no amounts on deposit in the Supplemental Reserve Account shall be withdrawn in respect of the Purchase Option or Withdrawal Option for the Mia Project Company, the Aaliyah Project Company or the Rebecca Project Company.

(iii) On each Payment Date, the Indenture Trustee shall, based on the Semi-Annual Manager Report, transfer the Seasonality Reserve Amount on deposit in the Supplemental Reserve Account to the Collection Account.

(iv) If the amount on deposit in the Supplemental Reserve Account exceeds the Supplemental Reserve Account Required Balance on any Payment Date during a Regular Amortization Period, the amount of such excess will be transferred (i) first, to the Liquidity Reserve Account to the extent the amount on deposit in the Liquidity Reserve Account is then less than the Liquidity Reserve Account Required Balance, and (ii) then to the Collection Account for distribution as part of Available Funds pursuant to the Priority of Payments.

(v) The Indenture Trustee shall transfer to the Collection Account all amounts on deposit in the Supplemental Reserve Account on the earlier of the Stated Maturity and the acceleration of the Notes following an Event of Default.

(vi) On any Payment Date, if the sum of (i) Available Funds, (ii) amounts on deposit in the Liquidity Reserve Account and (iii) amounts on deposit in the Supplemental Reserve Account is greater than or equal to the aggregate sum of all Issuer Secured Obligations, all such amounts will be applied by the Indenture Trustee at the direction of the Manager on such Payment Date to the payment in full of all such Issuer Secured Obligations.

(b) Notwithstanding Section 5.02(a)(i), with the written consent of the Majority Noteholders of the Controlling Class, in lieu of or in substitution for moneys otherwise required to be deposited to the Supplemental Reserve Account, the Issuer (or the Manager on behalf of the Issuer) may deliver or cause to be delivered to the Indenture Trustee a Letter of Credit issued by an Eligible Letter of Credit Bank in an amount equal to the Supplemental Reserve Account Required Balance; provided that any Supplemental

Reserve Account Deposit required to be made after the replacement of amounts on deposit in the Supplemental Reserve Account with the Letter of Credit shall be made in deposits to the Supplemental Reserve Account as provided in the Priority of Payments or pursuant to an increase in the Letter of Credit, or addition of another Letter of Credit. The Letter of Credit shall be held as an asset of the Supplemental Reserve Account and valued for purposes of determining the amount on deposit in the Supplemental Reserve Account as the amount then available to be drawn on such Letter of Credit. Any references to in the Transaction Documents to amounts on deposit in the Supplemental Replacement Reserve Account shall include the value of the Letter of Credit unless specifically excluded. If the amounts on deposit in the Supplemental Reserve Account are represented by a Letter of Credit, the Indenture Trustee shall be required to submit the drawing documents to the Eligible Letter of Credit Bank to draw the full stated amount of the Letter of Credit and deposit the proceeds therefrom in the Supplemental Reserve Account in the following circumstances: (i) if the Indenture Trustee is directed by the Manager on behalf of the Issuer, pursuant to an Officer's Certificate, to withdraw funds from the Supplemental Reserve Account for any reason; (ii) if the Letter of Credit is scheduled to expire in accordance with its terms and has not been extended or replaced with a Letter of Credit issued by an Eligible Letter of Credit Bank by the date that is ten days prior to the expiration date; or (iii) if the Indenture Trustee is directed by the Issuer, the Manager or the Majority Noteholders of the Controlling Class, pursuant to an Officer's Certificate stating that the financial institution issuing the Letter of Credit ceases to be an Eligible Letter of Credit Bank. Any drawing on the Letter of Credit may be reimbursed by the Issuer only from amounts remitted to the Issuer pursuant to clauses (xi) and (xii) of the Priority of Payments.

(c) The Indenture Trustee will deposit into the Tax Loss Insurance Proceeds Account upon receipt all proceeds of a Tax Loss Insurance Policy received by the Indenture Trustee.

(d) At the direction of the Manager pursuant to an Officer's Certificate, the Indenture Trustee will (i) transfer from the Supplemental Reserve Account an amount equal to the difference, if any, between the amount of such Tax Loss Indemnity and the amount of proceeds of the related Tax Loss Insurance Policy received by the Indenture Trustee with respect to such Tax Loss Indemnity and (ii) pay from amounts on deposit in the Tax Loss Insurance Proceeds Account with respect to such Tax Loss Indemnity the amount of the related Tax Loss Indemnity to the related Project Company for distribution by such Project Company to its Members in accordance with the terms of the related Project Company LLCA and (iii) distribute any remaining amounts in the Tax Loss Insurance Proceeds Account. At the direction of the Manager, the Indenture Trustee will distribute any proceeds from the Tax Loss Insurance Proceeds Account to the related Project Company or Managing Member to the extent such funds are paid in connection with costs incurred by a Project Company or the related Managing Member in contesting any Tax Loss in accordance with the terms and conditions of the related Tax Loss Insurance Policy, which were received by the Indenture Trustee and deposited in the Tax Loss Insurance Proceeds Account, to such Project Company or Managing Member and will distributed any remaining amounts in the Tax Loss Insurance Proceeds Account.

(e) The Indenture Trustee shall transfer to the Collection Account all amounts on deposit in the Tax Loss Insurance Proceeds Account on the earlier of the Stated Maturity or the acceleration of the Notes following an Event of Default.

Section 5.03 *Liquidity Reserve Account*. (a) On the Closing Date, the Issuer shall deliver to the Indenture Trustee an amount equal to the Liquidity Reserve Account Required Balance with respect to the Closing Date for deposit into the Liquidity Reserve Account. As described in the Priority of Payments, to the extent of Available Funds, the Indenture Trustee shall, on each Payment Date, deposit Available Funds into the Liquidity Reserve Account until the amount on deposit therein shall equal the Liquidity Reserve Account Required Balance.

(b) On each Payment Date, the Indenture Trustee shall, based on the Semi-Annual Manager Report, transfer funds on deposit in the Liquidity Reserve Account to the Collection Account to the extent the amount on deposit in the Collection Account as of such Payment Date is less than the amounts necessary to make the distributions described in clauses (i) through (v) of Section 5.05(a). If the amount on deposit in the Liquidity Reserve Account exceeds the Liquidity Reserve Account Required Balance on any Payment Date during a Regular Amortization Period, the amount of such excess will be transferred to the Supplemental Reserve Account. If the amount on deposit in the Supplemental Reserve Account exceeds the Supplemental Reserve Account Required Balance on such Payment Date, the amount of such excess will be transferred to the Collection Account and will be part of Available Funds distributed pursuant to the Priority of Payments. If the amount on deposit in the Liquidity Reserve Account exceeds the Liquidity Reserve Account Required Balance on any Payment Date during an Early Amortization Period or a Sequential Interest Amortization Period, the amount of such excess will be transferred to the Collection Account and will be part of the Available Funds distributed pursuant to the Priority of Payments.

(c) Upon the earliest of (i) the Stated Maturity, (ii) the acceleration of the Notes following an Event of Default and (iii) the Payment Date on which the sum of Available Funds and the amount on deposit in the Liquidity Reserve Account is greater than or equal to the sum of (a) the payments and distributions required under clauses (i) through (v) in the Priority of Payments and (b) the Aggregate Outstanding Note Balance as of such Payment Date prior to any distributions made on such Payment Date, the Indenture Trustee shall, based on the information set forth in the related Semi-Annual Manager Report, withdraw any remaining funds on deposit in the Liquidity Reserve Account (including investment earnings or income) and deposit such funds into the Collection Account. On the Termination Date, the Indenture Trustee shall, based on the information set forth in the related Semi-Annual Manager Report, withdraw any remaining funds on deposit in the Liquidity Reserve Account (including investment earnings or income) and pay such amount to the Issuer.

(d) On any Payment Date, if the sum of (i) Available Funds, (ii) amounts on deposit in the Liquidity Reserve Account and (iii) amounts on deposit in the Supplemental Reserve Account is greater than or equal to the aggregate sum of all Issuer Secured Obligations, all such amounts will be applied by the Indenture Trustee at the direction of

the Manager on such Payment Date to the payment in full of all such Issuer Secured Obligations.

Section 5.04 *Collection Account*. (a) On or prior to the Closing Date, the Manager, on behalf of the Issuer as owner of each Managing Member shall have instructed each Managing Member to cause to be deposited into the Collection Account all Managing Member Distributions. On or prior to the Closing Date, the Manager, on behalf of the Issuer, shall have instructed the Hedge Counterparty to cause to be deposited into the Collection Account all payments owed by the Hedge Counterparty under the Hedge Agreement. On or prior to the Closing Date, the Manager, on behalf of the Issuer, shall have instructed each Hedged SREC Counterparty to cause to be deposited into the Collection Account all payments owed by such Hedged SREC Counterparty under the related Hedged SREC Agreement. The Issuer shall cause all other amounts required to be deposited therein pursuant to the Transaction Documents, to be deposited within one Business Day of receipt thereof. The Indenture Trustee shall provide or make available electronically (or upon written request, by first class mail or facsimile) monthly statements on all amounts received in the Collection Account to the Issuer and the Manager.

(b) The Manager will be entitled to be reimbursed from amounts on deposit in the Collection Account with respect to a Collection Period for amounts previously deposited in the Collection Account but later determined by the Manager to have resulted from mistaken deposits or postings or checks returned for insufficient funds. The amount to be reimbursed hereunder shall be paid to the Manager on the related Payment Date upon certification by the Manager of such amounts; *provided, however*, that the Manager must provide such certification within six months of such mistaken deposit, posting or returned check.

(c) The Indenture Trustee shall make distributions from the Collection Account as directed by the Manager in accordance with the Management Agreement.

Section 5.05 *Distribution of Funds in the Collection Account*.

(a) On each Payment Date, Available Funds on deposit in the Collection Account shall be distributed by the Indenture Trustee, based solely on the information set forth in the related Semi-Annual Manager Report, in the following order and priority of payments (the "*Priority of Payments*"):

(i) (A) to the Indenture Trustee, (1) the Indenture Trustee Fee and any accrued and unpaid Indenture Trustee Fees with respect to prior Payment Dates plus (2) out-of-pocket expenses and indemnities of the Indenture Trustee incurred and not reimbursed in connection with its obligations and duties under this Indenture, (B) to the Transition Manager (1) the Transition Manager Fee and any accrued and unpaid Transition Manager Fees with respect to prior Payment Dates, (2) Transition Manager Expenses and (3) any accrued and unpaid transition costs payable to the Transition Manager, and (C) to the Custodian, (1) the Custodian Fee and any accrued and unpaid Custodian Fees with respect to prior Payment Dates plus (2) out-of-pocket expenses and indemnities of the Custodian incurred and not reimbursed in connection with its obligations and duties under the Custodial

Agreement; *provided* that payments to the Indenture Trustee as reimbursement for clause (A)(2), to the Transition Manager as reimbursement for clause (B)(2) and to the Custodian as reimbursement for clause (C)(2) will be limited to \$100,000 in the aggregate per calendar year as long as no Event of Default has occurred, and the Notes have not been accelerated, or the Trust Estate sold, pursuant to this Indenture; *provided, further*, that the payments to the Transition Manager as reimbursement for clause (B)(3) will be limited to \$75,000 per transition occurrence and \$150,000 in the aggregate;

(ii) to the Manager, the Manager Fee, plus any accrued and unpaid Manager Fees with respect to prior Payment Dates;

(iii) to the Hedge Counterparty under the Hedge Agreement, the payment of all amounts which are due and payable by the Issuer to such Hedge Counterparty on such date (other than fees, expenses, termination payments, indemnification payments, tax payments or other similar amounts), pursuant to the terms of the Hedge Agreement (net of all amounts which are due and payable by the Hedge Counterparty to the Issuer on such date pursuant to the terms of such Hedge Agreement);

(iv) to the Class A Noteholders, the Note Interest with respect to the Class A Notes for such Payment Date;

(v) to the Class B Noteholders, the Note Interest with respect to the Class B Notes for such Payment Date;

(vi) to the Liquidity Reserve Account, an amount equal to the greater of (a)(1) the Liquidity Reserve Account Required Balance minus (2) the amount on deposit in the Liquidity Reserve Account on such Payment Date and (b) \$0;

(vii) to the Supplemental Reserve Account, (a) the Supplemental Reserve Account Deposit until the Supplemental Reserve Account Required Balance has been met and (b) the ODL Required Deposit until the ODL Reserve Amount has been met;

(viii) (A) during a Regular Amortization Period, in the following order: (1) *pari passu* and *pro rata*, (x) to the Class A Noteholders, the Class A Scheduled Note Principal Payment for such Payment Date, and (y) to the Hedge Counterparty under the Hedge Agreement, all payments which arose due to a default by the Hedge Counterparty or the Issuer or due to any prepayments of amounts under such Hedge Agreement and all fees, expenses, termination payments, indemnification payments, tax payments or other amounts (to the extent not previously paid hereunder) which are due and payable by the Issuer to the Hedge Counterparty on such date, pursuant to the terms of the applicable Hedge Agreement; (2) to the Class B Noteholders, the Class B Scheduled Note Principal Payment for such Payment Date (which will be \$0), (3) to the Class A Noteholders, the Unscheduled Note Principal Payment for such Payment Date until the Outstanding Note Balance of

the Class A Notes has been reduced to zero, (4) to the Class B Noteholders, any Unscheduled Note Principal Payment for such Payment Date remaining after payment to the Class A Noteholders until the Outstanding Note Balance of the Class B Notes has been reduced to zero, and (5) to the Class B Noteholders, any unpaid Class B Deferred Interest; and (B) during an Early Amortization Period or Sequential Interest Amortization Period, all remaining Available Funds shall be paid in the following order: (1) *pari passu* and *pro rata*, (x) to the Class A Noteholders until the Outstanding Note Balance of the Class A Notes has been reduced to zero and (y) to the Hedge Counterparty under the Hedge Agreement, all payments which arose due to a default by the Hedge Counterparty or the Issuer or due to any prepayments of amounts under such Hedge Agreement and all fees, expenses, indemnification payments, tax payments or other amounts (to the extent not previously paid hereunder) which are due and payable by the Issuer to the Hedge Counterparty on such date, pursuant to the terms of the applicable Hedge Agreement; and (2) to the Class B Noteholders in the following order: (x) to reduce the Outstanding Note Balance of the Class B Notes to zero and (y) to pay any unpaid Class B Deferred Interest;

(ix) to the Noteholders, in the following order: (A) to the Class A Noteholders, the Default Interest with respect to the Class A Notes for such Payment Date; (B) to the Class B Noteholders, the Default Interest with respect to the Class B Notes for such Payment Date; (C) to the Class B Noteholders, the Additional Principal Amount for such Payment Date until the Outstanding Note Balance of the Class B Notes has been reduced to zero, and (D) to the Class A Noteholders, any Additional Principal Amount for such Payment Date remaining after payment to the Class B Noteholders until the Outstanding Note Balance of the Class A Notes has been reduced to zero;

(x) to the Indenture Trustee, the Transition Manager and the Custodian, any incurred and not reimbursed out-of-pocket expenses and indemnities of the Indenture Trustee and the Custodian and Transition Manager Expenses, in each case to the extent not paid in accordance with (i) above;

(xi) to the Letter of Credit Bank or other party as directed by the Manager (a) any fees and expenses related to the Letter of Credit and (b) any amounts which have been drawn under the Letter of Credit and any interest due thereon; and

(xii) to or at the direction of the Issuer, any remaining Available Funds on deposit in the Collection Account.

(b) As directed by the Manager pursuant to Section 2.1(c)(iii) and 2.1(d) of the Management Agreement, the Indenture Trustee shall, within three Business Days of such direction, transfer funds from the Collection Account to the Manager in the amount required to pay any Managing Member Obligation then due and payable as set forth in an Officer's Certificate specifying the name of the applicable creditor and amount to be paid to such creditor and the Manager or the Issuer may, by delivery of an Officer's Certificate

to the Indenture Trustee (in form reasonably satisfactory to the Indenture Trustee), request release of or direct the Indenture Trustee no more than once per week, and, in each case, with a reasonable volume of payment instructions, to (i) remit to or at the direction of the Manager of the Issuer, Unhedged SREC Payments, (ii) remit to the applicable Project Company to whom the Issuer owes payments for the acquisition of SRECs, the payment required under the applicable purchase or transfer agreement, (iii) remit any other amounts not constituting Available Funds that are not Managing Member Obligations, in each case, on deposit in the Collection Account and (iv) withdraw the ODL Withdrawal Amount from the Supplemental Reserve Account and pay such ODL Withdrawal Amount to or at the direction of the Manager as set forth in such Officer's Certificate Officer's Certificate (which Officer's Certificate shall specify the name of the applicable Lessee borrower(s) and the amount to be paid to such Person) .

Section 5.06 *Early Amortization Period Payments and Sequential Interest Amortization Period Payments* . Any distributions of principal made during an Early Amortization Period or a Sequential Interest Amortization Period will be allocated in the following manner to determine any unpaid amounts on future Payment Dates: first, to the Scheduled Note Principal Payment amount calculated for such Payment Date; and second, to the Unscheduled Note Principal Payment amount calculated for such Payment Date. Any principal payments made in excess of the amounts allocated to Scheduled Note Principal Payment and Unscheduled Note Principal Payment for such Payment Date will be considered an additional paydown of principal.

Section 5.07 *Note Payments* . (a) The Indenture Trustee shall pay from amounts on deposit in the Collection Account in accordance with the Semi-Annual Manager Report and [Section 5.05](#) to each Noteholder of record as of the related Record Date either (i) by wire transfer, in immediately available funds to the account of such Noteholder at a bank or other entity having appropriate facilities therefor, if such Noteholder shall have provided to the Indenture Trustee appropriate written instructions at least five Business Days prior to related Payment Date (which instructions may remain in effect for subsequent Payment Dates unless revoked by such Noteholder), or (ii) if not, by check mailed to such Noteholder at the address of such Noteholder appearing in the Note Register, the amounts to be paid to such Noteholder pursuant to such Noteholder's Notes; *provided* , that so long as the Notes are registered in the name of the Securities Depository such payments shall be made to the nominee thereof in immediately available funds.

(b) In the event that any withholding Tax is imposed on the Issuer's payment (or allocations of income) to a Noteholder, such withholding Tax shall reduce the amount otherwise distributable to the Noteholder in accordance with this [Section 5.07](#) . The Indenture Trustee is hereby authorized and directed to retain from amounts otherwise distributable to the Noteholders any applicable withholding Taxes in accordance with applicable law. The Indenture Trustee shall comply with all withholding and backup withholding (in each case, without any corresponding gross-up) and information reporting requirements under the Code and the Treasury Regulations promulgated thereunder (including, but not limited to, the collection of U.S. Internal Revenue Service Forms W-8 and W-9, as applicable, and the filing of U.S. Internal Revenue Service forms as required by applicable law), as well as any reporting or withholding requirements under FATCA; provided, however, that, in the event the Manager has actual knowledge that any information provided by a Noteholder to the Indenture Trustee is inaccurate or erroneous

in any respect, the Manager shall promptly notify the Indenture Trustee of such inaccuracy or error. Nothing herein shall prevent the Indenture Trustee from contesting at the expense of the applicable Noteholder any such withholding Tax in appropriate proceedings, and withholding payment of such withholding Tax, if permitted by law, pending the outcome of such proceedings. The amount of any withholding Tax imposed with respect to a Noteholder shall be treated as cash distributed to such Noteholder at the time it is withheld by the Issuer or the Indenture Trustee, as applicable, and remitted to the appropriate taxing authority. In the event that a Noteholder wishes to apply for a refund of any such withholding Tax, the Indenture Trustee shall reasonably cooperate with such Noteholder in making such claim so long as such Noteholder agrees to reimburse the Indenture Trustee for any out-of-pocket expenses incurred.

(c) Each Noteholder and each Note Owner, by its acceptance of its Note, will be deemed to have consented to the provisions of Section 5.05(a) relating to the Priority of Payments.

(d) For purposes of U.S. federal income, state and local income and franchise taxes, each Noteholder and each Note Owner, by its acceptance of its Note, will be deemed to have agreed to, and hereby instructs the Indenture Trustee to, (i) treat the Notes as indebtedness unless otherwise required by applicable law as determined by a Final Determination, and (ii) treat the Grant of the Trust Estate by the Issuer to the Indenture Trustee pursuant to this Indenture as a pledge.

(e) Each Noteholder and each Note Owner, by its acceptance of such Note or such beneficial interest in such Note, will be deemed to have agreed to provide the Indenture Trustee or the Issuer or other applicable withholding agent with the Noteholder Tax Identification Information and the Noteholder FATCA Information. In addition, each Noteholder and each Note Owner will be deemed to have agreed that the Indenture Trustee (or other applicable withholding agent) has the right to withhold FATCA Withholding Tax from any amount of interest or other amounts (without any corresponding gross-up) payable to a Noteholder or Note Owner that fails to comply with the foregoing requirements provided that such amounts are properly remitted to the appropriate taxing authority. The Issuer hereby covenants with the Indenture Trustee that, upon request from the Indenture Trustee, the Issuer will provide the Indenture Trustee with information that is reasonably available to the Issuer that is not otherwise available to the Indenture Trustee so as to enable the Indenture Trustee to determine whether or not the Indenture Trustee is obliged to make any withholding, including FATCA Withholding Tax, in respect of any payments with respect to a Note (and if applicable, to provide the necessary detailed information that is reasonably available to the Issuer that is not otherwise available to the Indenture Trustee to effectuate any withholding, including FATCA Withholding Tax.

*Section 5.08 Statements to Noteholders; Tax Returns* . Within 30 days after the end of each calendar year, the Indenture Trustee shall furnish to each Person who at any time during such calendar year was a Noteholder of record and received any payment thereon (a) a report as to the aggregate of amounts paid during such calendar year to each such Noteholder allocable to principal, interest or other amounts for such calendar year or applicable portion thereof during which such Person was a Noteholder and (b) such information required by the Code, to enable

such Noteholders to prepare their U.S. federal and state income tax returns. The obligation of the Indenture Trustee set forth in this paragraph shall be deemed to have been satisfied to the extent that information shall be provided by the Indenture Trustee, in the form of Form 1099 or other comparable form, pursuant to any requirements of the Code.

The Indenture Trustee shall have no responsibility or liability with respect to reporting or calculation of original issue discount with respect to the Notes. Upon written request from the Noteholders to the Indenture Trustee for any information with respect to original issue discount accruing on the Notes, the Issuer will promptly supply to the Indenture Trustee any such information for further distributions to the Noteholders.

The Issuer shall cause the Manager, at the Manager's expense, to cause a firm of Independent Accountants to prepare any tax returns required to be filed by the Issuer. The Indenture Trustee, upon reasonable written request, shall furnish the Issuer with all such information in the possession of the Indenture Trustee as may be reasonably required in connection with the preparation of any tax return of the Issuer.

Section 5.09 *Reports by Indenture Trustee* . Within five Business Days after the end of each Collection Period, the Indenture Trustee shall provide or make available electronically (or upon written request, by first class mail or facsimile) to the Manager a written report setting forth the amounts in the Collection Account, the Liquidity Reserve Account, the Tax Loss Insurance Proceeds Account and the Supplemental Reserve Account, and the identity of the investments included therein. Without limiting the generality of the foregoing, the Indenture Trustee shall, upon the written request of the Manager, promptly transmit or make available electronically to the Manager, copies of all accountings of, and information with respect to, the Collection Account, the Liquidity Reserve Account, the Tax Loss Insurance Proceeds Account and the Supplemental Reserve Account, investments thereof, and payments thereto and therefrom.

Section 5.10 *Final Balances* . Upon payment of all principal and interest with regard to the Notes, all other amounts due to the Noteholders as expressly provided for in the Transaction Documents and payment of all reasonable fees, charges and other expenses, such as fees and expenses of the Indenture Trustee, all moneys remaining in all Accounts, except moneys necessary to make payments equal to such amounts and payments of principal and interest with respect to the Notes, which moneys shall be held and disbursed by the Indenture Trustee pursuant to this Article V, shall be, subject to applicable escheatment laws, remitted to, or at the direction of, the Issuer.

#### ARTICLE VI.

##### VOLUNTARY PREPAYMENT OF NOTES AND RELEASE OF COLLATERAL

Section 6.01 *Voluntary Prepayment* . (a) Each Class of Notes are subject to prepayment, in whole or in part (such prepayment, a " *Voluntary Prepayment* "), prior to its Stated Maturity, at the option of the Issuer on any Business Day, upon (i) delivery to the Indenture Trustee and the Manager, not less than 15 days prior to the date fixed for the proposed prepayment (the " *Voluntary Prepayment Date* "), of a Notice of Prepayment from the Issuer stating the Issuer's election to prepay the Notes or portion thereof in the form attached hereto as Exhibit C, and (ii) the deposit

by the Issuer into the Collection Account, in the case of any Voluntary Prepayment in whole, no later than 11:00 a.m. Eastern time on such Voluntary Prepayment Date, or in the case of any Voluntary Prepayment in part, no later than 12:00 p.m. Eastern time on the Business Day prior to such Voluntary Prepayment Date, of (A) the outstanding principal of the Notes to be prepaid, (B) all accrued and unpaid interest thereon (including any Class B Deferred Interest), and (C) all amounts owed to the Hedge Counterparty, the Indenture Trustee, the Manager, the Transition Manager and the Custodian (the " *Prepayment Amount* "). On the specified Voluntary Prepayment Date, *provided* that the Indenture Trustee has received the Prepayment Amount, in the case of any Voluntary Prepayment in whole, no later than 11:00 a.m. Eastern time on such Voluntary Prepayment Date, or in the case of any Voluntary Prepayment in part, no later than 12:00 p.m. Eastern time on the Business Day prior to such specified Voluntary Prepayment Date, the Indenture Trustee shall (x) withdraw the Prepayment Amount from the Collection Account and disburse such amounts in accordance with clauses (i) through (v) of the Priority of Payments and then to the Noteholders and then (i) if no Sequential Interest Amortization Event is then in effect, to pay down the Class A Notes and the Class B Notes on a pro rata basis, and (ii) if a Sequential Interest Amortization Event is then in effect, first to pay down the Class A Notes until the Outstanding Note Balance of the Class A Notes has been reduced to zero, and then to pay down the Class B Notes until the Outstanding Note Balance of the Class B Notes has been reduced to zero and (y) to the extent the Outstanding Note Balance is prepaid, release any remaining assets in the Trust Estate to, or at the direction of, the Issuer.

(b) [Reserved].

(c) If the Issuer elects to rescind the Voluntary Prepayment, it must give written notice of such determination to the Indenture Trustee at least two Business Days prior to the Voluntary Prepayment Date. If a redemption of the Notes has been rescinded pursuant to this Section 6.01(c), the Indenture Trustee shall provide notice of such rescission to the registered owner of each Note which had been subject to the rescinded redemption at the address shown on the Note Register maintained by the Note Registrar with copies to the Issuer and the Manager.

Section 6.02 Notice of Voluntary Prepayment . Any Notice of Voluntary Prepayment shall be given by the Indenture Trustee by mailing a copy of the notice of prepayment by first-class mail (postage prepaid) not less than 10 days and not more than 15 days prior to the date fixed for prepayment to the registered owner of each Note to be prepaid at the address shown on the Note Register maintained by the Note Registrar with copies to the Issuer and the Manager. Failure to give or receive such notice of prepayment by mailing to any Noteholder, or any defect therein, shall not affect the validity of any proceedings for the prepayment of other Notes. If a Voluntary Prepayment has been rescinded pursuant to Section 6.01(c), and to the extent the Indenture Trustee had provided notice of the Voluntary Prepayment, the Indenture Trustee shall provide notice of such rescission to the registered owner of each Note which had been subject to the rescinded Voluntary Prepayment at the address shown on the Note Register maintained by the Note Registrar with copies to the Issuer and the Manager.

Any notice mailed as provided in this Section 6.02 shall be conclusively presumed to have been duly given, whether or not the registered owner of such Notes receives the notice.

Section 6.03 [ *Reserved* ].

Section 6.04 *Cancellation of Notes* . All Notes which have been paid in full or retired or received by the Indenture Trustee for exchange shall not be reissued but shall be canceled and destroyed in accordance with its customary procedures.

Section 6.05 *Release of Collateral* . The Indenture Trustee shall, on or after the Termination Date, release any remaining portion of the Trust Estate from the Lien created by this Indenture and shall deposit in the Collection Account any funds then on deposit in any other Account. The Indenture Trustee shall release property from the Lien created by this Indenture pursuant to this Section 6.05 only upon receipt by the Indenture Trustee of an Issuer Order accompanied by an Officer's Certificate and an Opinion of Counsel described in Section 314(c)(2) of the Trust Indenture Act of 1939, as amended, and meeting the applicable requirements of Section 12.02.

**ARTICLE VII.**  
**THE INDENTURE TRUSTEE**

Section 7.01 *Duties of Indenture Trustee* . (a) If a Responsible Officer of the Indenture Trustee has received notice pursuant to Section 7.02(a), or a Responsible Officer of the Indenture Trustee shall otherwise have actual knowledge that an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the occurrence and continuance of such an Event of Default:

(i) The Indenture Trustee need perform only those duties that are specifically set forth in this Indenture and any other Transaction Document to which it is a party and no others and no implied covenants or obligations of the Indenture Trustee shall be read into this Indenture or any other Transaction Document.

(ii) In the absence of negligence or bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture or any other Transaction Document. The Indenture Trustee shall, however, examine such certificates and opinions to determine whether they conform on their face to the requirements of this Indenture or any other Transaction Document but the Indenture Trustee shall not be required to determine, confirm or recalculate information contained in such certificates or opinions.

(c) No provision of this Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) This paragraph does not limit the effect of subsection (b) of this Section 7.01.

(ii) The Indenture Trustee shall not be liable in its individual capacity for any action taken or error of judgment made in good faith by a Responsible Officer or other officers of the Indenture Trustee, unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts.

(iii) The Indenture Trustee shall not be personally liable with respect to any action it takes, suffers or omits to take in good faith in accordance with a direction received by it from the Noteholders in accordance with this Indenture or any other Transaction Document or for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture or any other Transaction Document.

(iv) The Indenture Trustee shall have no responsibility for filing any financing or continuation statement in any public office at any time or otherwise to perfect or to maintain the perfection of any security interest in the Trust Estate or in any item comprising the Conveyed Property.

(d) No provision of this Indenture or any other Transaction Document shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial or other liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(e) The provisions of subsections (a), (b), (c) and (d) of this Section 7.01 shall apply to any co-trustee or separate trustee appointed by the Issuer and the Indenture Trustee pursuant to Section 7.13.

(f) The Indenture Trustee shall not in any way be held liable by reason of any insufficiency in any Account held by the Indenture Trustee resulting from any loss experienced on any item comprising the Conveyed Property.

(g) In no event shall the Indenture Trustee be required to take any action that conflicts with applicable law, any of the provisions of this Indenture or any other Transaction Document or with the Indenture Trustee's duties hereunder or that adversely affect its rights and immunities hereunder.

(h) In no event shall the Indenture Trustee have any obligations or duties under or have any liabilities whatsoever to Noteholders under ERISA.

(i) The Indenture Trustee shall not make any direct or indirect transfer of the Managing Member Membership Interests except in compliance with the Designated Transfer Restrictions and the Acknowledgements (as determined by the Majority Noteholders of the Controlling Class).

(j) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control and without the fault or negligence of the Indenture Trustee, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities; it being understood that the Indenture Trustee shall resume performance as soon as practicable under the circumstances.

*Section 7.02 Notice of Default, Manager Termination Event or Event of Default; Delivery of Manager Reports* . The Indenture Trustee shall not be required to take notice of or be deemed to have notice or knowledge of any default, Default, Manager Termination Event, Event of Default event or information, or be required to act upon any default, Default, Manager Termination Event, Event of Default, event or information (including the sending of any notice) unless a Responsible Officer of the Indenture Trustee is specifically notified in writing at the address set forth in Section 12.04 or until a Responsible Officer of the Indenture Trustee shall have acquired actual knowledge of a default, Default, a Manager Termination Event, an Event of Default, an event or information and shall have no duty to take any action to determine whether any such default, Default, Manager Termination Event, Event of Default, or event has occurred. In the absence of receipt of such notice or actual knowledge, the Indenture Trustee may conclusively assume that there is no such default, Default, Event of Default, Manager Termination Event or event. If written notice of the existence of a default, a Default, an Event of Default, a Manager Termination Event, an event or information has been delivered to a Responsible Officer of the Indenture Trustee or a Responsible Officer of the Indenture Trustee has actual knowledge thereof, the Indenture Trustee shall promptly provide paper or electronic notice thereof to the Issuer, the Transition Manager and each Noteholder, but in any event, no later than five days after such knowledge or notice occurs.

*Section 7.03 Rights of Indenture Trustee* . (a) The Indenture Trustee may rely and shall be protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Indenture Trustee need not investigate any fact or matter stated in any document. The Indenture Trustee need not investigate or re-calculate, evaluate, certify, verify or independently determine the accuracy of any numerical information, report, certificate, information, statement, representation or warranty or any fact or matter stated in any such document and may conclusively rely as to the truth of the statements and the accuracy of the information therein.

(b) Before the Indenture Trustee takes any action or refrains from taking any action under this Indenture or any other Transaction Document, it may require an Officer's Certificate of the Issuer or an Opinion of Counsel, the costs of which (including the Indenture Trustee's reasonable attorney's fees and expenses) shall be paid by the party requesting that the Indenture Trustee act or refrain from acting. The Indenture Trustee

shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee shall not be personally liable for any action it takes or omits to take or any action or inaction it believes in good faith to be authorized or within its rights or powers.

(d) The Indenture Trustee shall not be bound to make any investigation into the facts of matters stated in any reports, certificates, payment instructions, opinion, notice, order or other paper or document unless requested in writing by 25% or more of the Noteholders, and such Noteholders have provided to the Indenture Trustee indemnity satisfactory to it.

(e) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of any such agent, attorney, custodian or nominee appointed by it hereunder with due care. The Indenture Trustee may consult with counsel, accountants and other experts and the advice or opinion of counsel, accountants and other experts with respect to legal and other matters relating to any Transaction Document shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with such advice or opinion of counsel.

(f) The Indenture Trustee shall not be required to give any bond or surety with respect to the execution of this Indenture or the powers granted hereunder.

(g) The Indenture Trustee shall not be liable for any action or inaction of the Issuer, the Manager, the Custodian or any other party (or agent thereof) to this Indenture or any Transaction Document and may assume compliance by such parties with their obligations under this Indenture or any other Transaction Document, unless a Responsible Officer of the Indenture Trustee shall have received written notice to the contrary at the Corporate Trust Office of the Indenture Trustee.

(h) The Indenture Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Noteholders, pursuant to the provisions of this Indenture, unless such Noteholders shall have offered to the Indenture Trustee security or indemnity satisfactory to the Indenture Trustee against the costs, expenses and liabilities (including the fees and expenses of the Indenture Trustee's counsel and agents) which may be incurred therein or thereby.

(i) The Indenture Trustee shall have no duty (i) to maintain or monitor any insurance or (ii) to see to the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Trust Estate.

(j) Delivery of any reports, information and documents to the Indenture Trustee provided for herein or any other Transaction Document is for informational purposes only (unless otherwise expressly stated), and the Indenture Trustee's receipt of such or otherwise publicly available shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Manager's or the Issuer's compliance with any of its representations, warranties or covenants hereunder (as to which the Indenture Trustee is entitled to rely exclusively on Officer's Certificates). The Indenture Trustee shall not have actual notice of any default or any other matter unless a Responsible Officer of the Indenture Trustee receives actual written notice of such default or other matter.

(k) The Indenture Trustee does not have any obligation to investigate any matter or exercise any powers vested under this Indenture unless requested in writing by 25% or more of the Noteholders.

(l) Knowledge of the Indenture Trustee shall not be attributed or imputed to Wells Fargo's other roles in the transaction and knowledge of the Transition Manager or the Custodian shall not be attributed or imputed to each other or to the Indenture Trustee (other than those where the roles are performed by the same group or division within Wells Fargo or otherwise share the same Responsible Officers), or any affiliate, line of business, or other division of Wells Fargo (and vice versa).

(m) The right of the Indenture Trustee to perform any permissive or discretionary act enumerated in this Indenture or any related document shall not be construed as a duty.

*Section 7.04 Not Responsible for Recitals, Issuance of Notes or Application of Moneys as Directed* . The recitals contained herein and in the Notes, except the certificates of authentication on the Notes, shall be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations with respect to the Trust Estate or as to the validity or sufficiency of the Trust Estate or this Indenture or any other Transaction Document or of the Notes. The Indenture Trustee shall not be accountable for the use or application by the Issuer of the proceeds of the Notes. Subject to [Section 7.01\(b\)](#), the Indenture Trustee shall not be liable to any Person for any money paid to the Issuer upon an Issuer Order, Manager instruction or order or direction provided in a Semi-Annual Manager Report contemplated by this Indenture or any other Transaction Document.

*Section 7.05 May Hold Notes* . The Indenture Trustee or any agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer or Vivint Solar or any Affiliate of the Issuer or Vivint Solar with the same rights it would have if it were not Indenture Trustee or other agent.

*Section 7.06 Money Held in Trust* . The Indenture Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer and except to the extent of income or other gain on investments which are obligations of the Indenture Trustee hereunder.

Section 7.07 Compensation and Reimbursement . (a) The Issuer agrees:

(i) to pay the Indenture Trustee, in accordance with and subject to the Priority of Payments, the Indenture Trustee Fee. The Indenture Trustee's compensation shall not be limited by any law with respect to compensation of a trustee of an express trust and the payments to the Indenture Trustee provided by Article V hereto shall constitute payments due with respect to the applicable fee agreement or letter;

(ii) in accordance with and subject to the Priority of Payments, to reimburse the Indenture Trustee upon request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including, but not limited to, the reasonable compensation, expenses and disbursements of its agents and counsel and allocable costs of in house counsel); *provided, however*, in no event shall the Issuer pay or reimburse the Indenture Trustee or the agents or counsel, including in house counsel of either, for any expenses, disbursements and advances incurred or made by the Indenture Trustee in connection with any negligent action or negligent inaction or willful misconduct on the part of the Indenture Trustee;

(iii) to indemnify the Indenture Trustee and its officers, directors, employees and agents for, and to hold them harmless against, any fee, loss, liability, damage, cost or expense (including reasonable attorneys' fees and expenses and court costs) incurred without negligence or bad faith on the part of the Indenture Trustee, to the extent such matters have been determined by a court of competent jurisdiction, arising out of, or in connection with, the acceptance or administration of this trust, including those incurred in connection with any action, claim or suit brought to enforce the indemnification or other obligations of the relevant transaction parties; *provided, however*, that:

(A) with respect to any such claim the Indenture Trustee shall have given the Issuer, the Depositor and the Manager written notice thereof promptly after the Indenture Trustee shall have actual knowledge thereof, *provided*, that failure to notify shall not relieve the parties of their obligations hereunder;

(B) notwithstanding anything to the contrary in this Section 7.07(a)(iii), none of the Issuer, the Depositor or the Manager shall be liable for settlement of any such claim by the Indenture Trustee entered into without the prior consent of the Issuer, the Depositor or the Manager, as the case may be, which consent shall not be unreasonably withheld or delayed; and

(C) the Indenture Trustee, its officers, directors, employees and agents, as a group, shall be entitled to counsel separate from the Issuer, the Depositor and the Manager; to the extent the Issuer's, the Depositor's and the Manager's interests are not adverse to the interests of the Indenture

Trustee, its officers, directors, employees or agents, the Indenture Trustee may agree to be represented by the same counsel as the Issuer, the Depositor and the Manager.

Such payment obligations and indemnification shall survive the resignation or removal of the Indenture Trustee as well as the discharge, termination or assignment hereof. The Indenture Trustee's expenses are intended as expenses of administration.

Anything in this Indenture to the contrary notwithstanding, in no event shall the Indenture Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(b) The Indenture Trustee shall, on each Payment Date, in accordance with the Priority of Payments set forth in Section 5.05, deduct payment of its fees and expenses hereunder from moneys in the Collection Account.

(c) The Issuer agrees to assume and to pay, and to indemnify, defend and hold harmless the Indenture Trustee and the Noteholders from any taxes which may at any time be asserted with respect to, and as of the date of, the Grant of the Trust Estate to the Indenture Trustee, including, without limitation, any sales, gross receipts, general corporation, personal property, privilege or license taxes (but with respect to the Noteholders only, not including any federal, State or other taxes arising out of the creation or the issuance of the Notes or payments with respect thereto) and costs (including court costs), expenses and reasonable counsel fees and expenses in defending against the same.

Section 7.08 Eligibility; Disqualification . The Indenture Trustee shall always have a combined capital and surplus as stated in Section 7.09, and shall always be a bank or trust company with corporate trust powers organized under the laws of the United States or any State thereof which is a member of the Federal Reserve System and shall be rated at least "A-" by S&P.

Section 7.09 Indenture Trustee's Capital and Surplus . The Indenture Trustee and/or its parent shall at all times have a combined capital and surplus of at least \$100,000,000. If the Indenture Trustee publishes annual reports of condition of the type described in Section 310(a)(2) of the Trust Indenture Act of 1939, as amended, its combined capital and surplus for purposes of this Section 7.09 shall be as set forth in the latest such report.

Section 7.10 Resignation and Removal; Appointment of Successor . (a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Section 7.10 shall become effective until the acceptance of appointment by the successor Indenture Trustee under Section 7.11.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer and the Manager. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days

after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by the Super-Majority Noteholders of the Controlling Class upon 30 days' prior written notice, delivered to the Indenture Trustee, with copies to the Manager and the Issuer.

(d) (i) If at any time the Indenture Trustee shall cease to be eligible under Section 7.08 or 7.09 or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, with 30 days' prior written notice, the Issuer with the prior written consent of the Super-Majority Noteholders of the Controlling Class, by an Issuer Order, may remove the Indenture Trustee.

(ii) If the Indenture Trustee shall be removed pursuant to Sections 7.10(c) or (d) and no successor Indenture Trustee shall have been appointed pursuant to Section 7.10(e) and accepted such appointment within 30 days of the date of removal, the removed Indenture Trustee may petition any court of competent jurisdiction for appointment of a successor Indenture Trustee acceptable to the Issuer.

(e) If the Indenture Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer, with the prior written consent of the Majority Noteholders of the Controlling Class, by an Issuer Order shall promptly appoint a successor Indenture Trustee.

(f) The Issuer shall give to the Noteholders notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee. Each notice shall include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(g) The provisions of this Section 7.10 shall apply to any co-trustee or separate trustee appointed by the Issuer and the Indenture Trustee pursuant to Section 7.13.

Section 7.11 Acceptance of Appointment by Successor . (a) Every successor Indenture Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the retiring Indenture Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Indenture Trustee shall become effective and such successor Indenture Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Indenture Trustee. Notwithstanding the foregoing, on request of the Issuer or the successor Indenture Trustee, such retiring Indenture Trustee shall, upon payment of its fees, expenses and other charges, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the retiring Indenture Trustee and shall duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such retiring Indenture Trustee hereunder. Upon request of any such successor

Indenture Trustee, the Issuer shall execute and deliver any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

(b) No successor Indenture Trustee shall accept its appointment unless at the time of such acceptance such successor Indenture Trustee shall be qualified and eligible under Sections 7.08 and 7.09.

(c) Notwithstanding the replacement of the Indenture Trustee, the obligations of the Issuer pursuant to Section 7.07(a)(iii) and (c) and the Indenture Trustee's protections under this Article VII shall continue for the benefit of the retiring Indenture Trustee.

Section 7.12 Merger, Conversion, Consolidation or Succession to Business of Indenture Trustee . Any corporation or national banking association into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation, bank, trust company or national banking association resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation, bank, trust company or national banking association succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, shall be the successor of the Indenture Trustee hereunder if such corporation, bank, trust company or national banking association shall be otherwise qualified and eligible under Section 7.08 and 7.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall make available to the Noteholders written notice of any such transaction. In case any Notes have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had authenticated such Notes.

Section 7.13 Co-trustees and Separate Indenture Trustees . (a) At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, for enforcement actions, and where a conflict of interest exists, the Indenture Trustee shall have power to appoint and, upon the written request of the Indenture Trustee, the Issuer shall for such purpose join with the Indenture Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Indenture Trustee either to act as co-trustee, jointly with the Indenture Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section 7.13. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Indenture Trustee alone shall have power to make such appointment. Any Person so appointed shall assume the obligations of the Indenture Trustee hereunder in full.

(b) Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

(c) Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms:

(i) The Notes shall be authenticated and delivered and all rights, powers, duties and obligations hereunder with respect to the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Indenture Trustee hereunder, shall be exercised solely by the Indenture Trustee.

(ii) The rights, powers, duties and obligations hereby conferred or imposed upon the Indenture Trustee with respect to any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such co-trustee or separate trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed solely by such co-trustee or separate trustee.

(iii) The Indenture Trustee at any time, by an instrument in writing executed by it, may accept the resignation of, or remove, any co-trustee or separate trustee appointed under this Section 7.13. Upon the written request of the Indenture Trustee, the Issuer shall join with the Indenture Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.13.

(iv) No co-trustee or separate trustee hereunder shall be financially or otherwise liable by reason of any act or omission of the Indenture Trustee, or any other such trustee hereunder, and the Indenture Trustee shall not be financially or otherwise liable by reason of any act or omission of any co-trustee or other such separate trustee hereunder.

(v) Any notice, request or other writing delivered to the Indenture Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

(vi) Any separate trustee or co-trustee may, at any time, constitute the Indenture Trustee, its agent or attorney-in-fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or with respect to this Indenture on its behalf and in its name. The Indenture Trustee shall not be responsible for any action or inaction of any such separate trustee or co-trustee.

The Indenture Trustee shall not have any responsibility or liability relating to the appointment of any separate or co-trustee. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estate, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 7.14 *Books and Records* . The Indenture Trustee agrees to provide to the Noteholders the right during normal business hours upon two days' prior notice in writing to inspect its books and records insofar as the books and records relate to the functions and duties of the Indenture Trustee pursuant to this Indenture.

Section 7.15 *Control* . Upon the Indenture Trustee being adequately indemnified in writing to its satisfaction, the Majority Noteholders of the Controlling Class shall have the right to direct the Indenture Trustee with respect to any action or inaction by the Indenture Trustee hereunder, the exercise of any trust or power conferred on the Indenture Trustee, or the conduct of any proceeding for any remedy available to the Indenture Trustee with respect to the Notes or the Trust Estate *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture or expose the Indenture Trustee to financial or other liability (for which it has not been adequately indemnified) or be unduly prejudicial to the Noteholders not approving such direction including, but not limited to and without intending to narrow the scope of this limitation, direction to the Indenture Trustee to act or omit to act, directly or indirectly, to amend, hypothecate, subordinate, terminate or discharge any Lien benefiting the Noteholders in the Trust Estate;

(b) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction; and

(c) except as expressly provided otherwise herein (but only with the prior consent of or at the direction of the Majority Noteholders of the Controlling Class), the Indenture Trustee shall have the authority to take any enforcement action which it reasonably deems to be necessary to enforce the provisions of this Indenture.

Section 7.16 *Suits for Enforcement* . If an Event of Default of which a Responsible Officer of the Indenture Trustee shall have actual knowledge, shall occur and be continuing, the Indenture Trustee may, in its discretion and shall, at the direction of the Majority Noteholders of the Controlling Class (provided that the Indenture Trustee is adequately indemnified in writing to its satisfaction), proceed to protect and enforce its rights and the rights of any Noteholders under this Indenture by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or in aid of the execution of any power granted in this Indenture or for the enforcement of any other legal, equitable or other remedy as the Indenture Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Indenture Trustee or any Noteholders, but in no event shall the Indenture Trustee be liable for any failure to act in the absence of direction the Majority Noteholders of the Controlling Class.

Section 7.17 *Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations* . In order to comply with laws, rules and regulations applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with Indenture Trustee. Accordingly, each of the parties agrees to provide to Indenture Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable Indenture Trustee to comply with applicable law.

**ARTICLE VIII.**

[RESERVED]

**ARTICLE IX.**

**EVENT OF DEFAULT**

Section 9.01 *Events of Default* . The occurrence of any of the following events shall constitute an " *Event of Default* " hereunder:

(a) a default in the payment of any Note Interest (which, for the avoidance of doubt, does not include Class B Deferred Interest) on a Payment Date, which default shall not have been cured after three Business Days;

(b) a default in the payment of the Aggregate Outstanding Note Balance and any Class B Deferred Interest at the Stated Maturity;

(c) either (A) a court having jurisdiction in respect of the Issuer enters a decree or order for (1) relief in respect of the Issuer, all Managing Members or all Project Companies under any Applicable Law relating to bankruptcy, restructuring, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect; (2) appointment of a receiver, receiver and manager, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of the Issuer, all Managing Members or all Project Companies; or (3) the winding up or liquidation of the affairs of such Issuer and, in each case, such decree or order shall remain unstayed or such writ or other process shall not have been stayed or dismissed within sixty (60) days from entry thereof; or (B) the Issuer, all Managing Members or all Project Companies, (1) commences a voluntary case under any Applicable Law relating to bankruptcy, restructuring, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar law now or hereafter in effect, or consents to the entry of an order for relief in any involuntary case under any such law; (2) consents to the appointment of or taking possession by a receiver, receiver and manager, liquidator, examiner, assignee, custodian, trustee, sequestrator or similar official of the Issuer, all Managing Members or all Project Companies or for all or substantially all of the property and assets of the Issuer, all Managing Members or all Project Companies; or (3) effects any general assignment for the benefit of creditors, admits in writing its

inability to pay its debts generally as they come due, voluntarily suspends payment of its obligations or becomes insolvent ;

(d) the failure of the Issuer to observe or perform in any material respect any covenant or obligation of the Issuer set forth in this Indenture (other than the failure to make any required payment with respect to the Notes), which has not been cured within 30 days from the date of receipt by the Issuer of written notice from the Indenture Trustee (to the extent a Responsible Officer of the Indenture Trustee has received written notice or has actual knowledge thereof) of such breach or default, or the failure of the Issuer to deposit into the Collection Account all amounts held or received by the Issuer required to be deposited therein within three (3) Business Days of the required deposit date;

(e) any representation, warranty or statement of the Issuer (other than representations and warranties as to whether a Host Customer Solar Asset is an Eligible Solar Asset) contained in the Transaction Documents or any report, document or certificate delivered by the Issuer pursuant to the foregoing agreements shall prove to be incorrect in any material respect as of the time when the same shall have been made and, within 30 days after written notice thereof shall have been given to the Indenture Trustee and the Issuer by the Manager, the Indenture Trustee (to the extent a Responsible Officer of the Indenture Trustee has received written notice or has actual knowledge thereof) or by the Majority Noteholders of the Controlling Class, the circumstance or condition in respect of which such representation, warranty or statement was incorrect shall not have been eliminated or otherwise cured (which cure may be effected by payment of an indemnity claim) or waived by the Indenture Trustee, acting at the direction of the Majority Noteholders of the Controlling Class;

(f) the failure for any reason of the Indenture Trustee to have a first priority perfected security interest in the Trust Estate in favor of the Indenture Trustee (subject to Permitted Liens) which is not stayed, released or otherwise cured within ten days of receipt of notice or knowledge thereof;

(g) the Issuer, any Project Company or any Managing Member becomes subject to registration as an "investment company" under the 1940 Act;

(h) the Issuer, any Project Company or any Managing Member becomes taxable as an association (or publicly traded partnership) that is taxable as a corporation for U.S. federal or state income tax purposes;

(i) the failure by Financing Holdings, the Depositor or the Performance Guarantor to pay the Liquidated Damages Amount for a Defective Solar Asset in accordance with the related Contribution Agreement or Performance Guaranty as applicable; or

(j) there shall remain in force, undischarged, unsatisfied, and unstayed for more than 30 consecutive days, any final non-appealable judgment in the amount of \$100,000 or more against the Issuer not covered by insurance.

In the case of any event described in the foregoing subparagraphs, after the applicable grace period set forth in such subparagraphs, if any, the Indenture Trustee shall give written notice to the Noteholders, the Manager, the Transition Manager and the Issuer that an Event of Default has occurred as of the date of such notice. The Issuer is required to give the Indenture Trustee written notice of the occurrence of any Event of Default promptly after actual knowledge thereof.

Section 9.02 *Actions of Indenture Trustee* . If an Event of Default shall have occurred and be continuing hereunder, the Indenture Trustee shall, at the direction of the Super-Majority Noteholders of the Controlling Class, do one of the following:

- (a) declare the entire unpaid principal amount of the Notes, all interest accrued and unpaid thereon and all other amounts payable under this Indenture and the other Transaction Documents to be immediately due and payable;
- (b) either on its own or through an agent, take possession of and sell the Trust Estate pursuant to [Section 9.15](#);
- (c) institute proceedings for collection of amounts due on the Notes or under this Indenture by automatic acceleration or otherwise, or if no such acceleration or collection efforts have been made, or if such acceleration or collection efforts have been made, but have been annulled or rescinded, the Indenture Trustee may elect to take possession of the Trust Estate and collect or cause the collection of the proceeds thereof and apply such proceeds in accordance with the applicable provisions of this Indenture;
- (d) enforce any judgment obtained and collect any amounts adjudged from the Issuer;
- (e) institute any proceedings for the complete or partial foreclosure of the Lien created by the Indenture with respect to the Trust Estate; and
- (f) protect the rights of the Indenture Trustee, the Noteholders and the Hedge Counterparty by taking any appropriate action including exercising any remedy of a secured party under the UCC or any other applicable law.

Notwithstanding the foregoing, upon the occurrence of an Event of Default of the type described in clause (c) of the definition thereof, the entire Aggregate Outstanding Note Balance, all interest accrued and unpaid thereon and all other amounts payable under this Indenture and the other Transaction Documents shall automatically become immediately due and payable.

Section 9.03 *Indenture Trustee May File Proofs of Claim* . In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, composition or other judicial proceeding relative to the Issuer or any other obligor upon the Notes or the property of the Issuer or of such other obligor or their creditors, the Indenture Trustee (irrespective of whether the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand on the Issuer for the payment of overdue principal or any interest or other amounts) shall, at the written direction of the Majority Noteholders of the Controlling Class, by intervention in such proceeding or otherwise:

(a) file and prove a claim for the whole amount owing and unpaid with respect to the Notes issued hereunder and file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel) and of the Noteholders allowed in such proceeding; and

(b) collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, or sequestrator (or other similar official) in any such proceeding is hereby authorized by each Noteholder to make such payments to the Indenture Trustee and, in the event that the Indenture Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize and consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment, or composition affecting any of the Notes or the rights of any Noteholder thereof, or to authorize the Indenture Trustee to vote with respect to the claim of any Noteholder in any such proceeding.

Section 9.04 Indenture Trustee May Enforce Claim Without Possession of Notes . All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee shall be brought in its own name as trustee for the benefit of the Noteholders, and any recovery of judgment shall be applied first, to the payment of the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and any other amounts due the Indenture Trustee under Section 7.07 ( *provided* that, any indemnification by the Issuer under Section 7.07 shall be paid only in the priority set forth in Section 5.05 ) and second, for the ratable benefit of the Noteholders for all amounts due to such Noteholders.

Section 9.05 Knowledge of Indenture Trustee . Any references herein to the knowledge, discovery or learning of the Indenture Trustee shall mean and refer to actual knowledge of a Responsible Officer of the Indenture Trustee.

Section 9.06 Limitation on Suits . No Holder of any Note shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder unless:

(a) such Holder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Majority Noteholders of the Controlling Class shall have made written request to the Indenture Trustee to institute Proceedings with respect to such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Holder or Holders have offered to the Indenture Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Indenture Trustee for 30 days after its receipt of such notice, request and offer of security or indemnity has failed to institute any such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 30-day period by the Majority Noteholders of the Controlling Class; it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Notes, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

*Section 9.07 Unconditional Right of Noteholders to Receive Principal and Interest* . The Holders of the Notes shall have the right, which is absolute and unconditional, subject to the express terms of this Indenture, to receive payment of principal and interest on such Notes, subject to the respective relative priorities provided for in this Indenture, as such principal and interest becomes due and payable from the Trust Estate and to institute Proceedings for the enforcement of any such payment, and such right shall not be impaired except as expressly permitted herein without the consent of such Holders.

*Section 9.08 Restoration of Rights and Remedies* . If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Indenture Trustee or to such Noteholder, then, and in every case, the Issuer, the Indenture Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

*Section 9.09 Rights and Remedies Cumulative* . Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.09, no right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

*Section 9.10 Delay or Omission; Not Waiver* . No delay or omission of the Indenture Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of

Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any acquiescence therein. Every right and remedy given by this Article IX or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

Section 9.11 *Control by Noteholders* . The Majority Noteholders of the Controlling Class shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee; *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture including, without limitation, any provision hereof which expressly provides for approval by a greater percentage of the aggregate principal amount of all Outstanding Notes;

(b) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction; *provided, however* , that, subject to Section 7.01, the Indenture Trustee need not take any action which a Responsible Officer or Officers of the Indenture Trustee in good faith determines might involve it in personal liability (unless the Indenture Trustee is furnished with the reasonable indemnity referred to in Section 9.11(c)); and

(c) the Indenture Trustee has been furnished reasonable indemnity against costs, expenses and liabilities which it might incur in connection therewith.

Section 9.12 *Waiver of Certain Events by Less Than All Noteholders* . The Super-Majority Noteholders of the Controlling Class may, on behalf of the Holders of all the Notes, waive any past Default, Event of Default or Manager Termination Event, and its consequences, except:

(a) a Default in the payment of the principal of or interest on any Note, or a Default caused by the Issuer becoming subject to registration as an "investment company" under the 1940 Act, or

(b) with respect to a covenant or provision hereof which under Article X cannot be modified or amended without the consent of the Holder of each Outstanding Note affected.

Upon any such waiver, such Default, Event of Default or Manager Termination Event shall cease to exist, and any Default, Event of Default or Manager Termination Event or other consequence arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default, Event of Default or Manager Termination Event or impair any right consequent thereon.

Section 9.13 *Undertaking for Costs* . All parties to this Indenture agree, and each Noteholder and each Note Owner by its acceptance of a Note, shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted

by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 9.13 shall not apply to any suit instituted by the Indenture Trustee or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or interest on any Note on or after the Stated Maturity expressed in such Note.

Section 9.14 *Waiver of Stay or Extension Laws* . The Issuer covenants (to the extent that it may lawfully do so) that it will not, at any time, insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 9.15 *Sale of Trust Estate* . (a) The power to effect any sale of any portion of the Trust Estate pursuant to this Article IX shall not be exhausted by any one or more sales as to any portion of the Trust Estate remaining unsold, but shall continue unimpaired until the entire Trust Estate securing the Notes shall have been sold or all amounts payable on the Notes and under this Indenture with respect thereto shall have been paid. The Indenture Trustee, acting on its own or through an agent, may from time to time postpone any sale by public announcement made at the time and place of such sale.

(b) The Indenture Trustee shall not, in any private sale, sell to a third party the Trust Estate, or any portion thereof unless the Majority Noteholders of the Controlling Class direct the Indenture Trustee, in writing, to make such sale unless the proceeds of such sale or liquidation are sufficient to discharge in full the amounts then due and unpaid upon the Notes for principal and accrued interest and the fees and all other amounts required to be paid pursuant to the Priority of Payments; *provided*, that in the event the proceeds of such sale or liquidation of the entire Trust Estate are insufficient to discharge in full the amounts then due and unpaid upon the Notes for principal and accrued interest and the fees and all other amounts required to be paid pursuant to the Priority of Payments, the Indenture Trustee, at the expense of the Issuer, shall obtain and provide an independent third party valuation of the Trust Estate demonstrating that the fair market value of the Trust Estate is not greater than the price for which such the Trust Estate is being sold or liquidated; *provided, further* ; that if such fair market valuation cannot be provided by an independent third party valuation agent within ninety (90) days of determining the sale or liquidation price with a willing buyer, then such sale or liquidation may proceed with the sole consent and direction of the Indenture Trustee acting in the direction of the Majority Noteholders of the Controlling Class. Notwithstanding the foregoing, prior to the consummation of any sale of the Trust Estate (either private or public), the Indenture Trustee shall first offer the Class B Noteholder the opportunity to purchase the Trust Estate for a purchase price equal to the greater of (x) the fair market value of the Trust Estate and (y) the aggregate outstanding note balance of the Class A Notes, plus accrued interest thereon and fees owed thereto (such right, the "*Right of First Refusal*"). If the Class B Noteholder does not

exercise its Right of First Refusal within two Business Days of receipt thereof, then the Indenture Trustee shall sell the Trust Estate as otherwise set forth in this Section 9.15; *provided, further*, that if the Class B Noteholder does not exercise its Right of First Refusal and the Indenture Trustee elects to sell the Trust Estate in a private sale to a third party, then prior to the sale thereof, the Indenture Trustee shall offer the Class B Noteholder the opportunity to purchase the Trust Estate for the purchase price being offered by such third party, and the Class B Noteholder shall have two Business Days to accept such offer.

(c) The Indenture Trustee, or any Noteholder may bid for and acquire any portion of the Trust Estate in connection with a public or private sale thereof, and in lieu of paying cash therefor, any Noteholder may make settlement for the purchase price by crediting against amounts owing on the Notes of such Holder or other amounts owing to such Holder secured by this Indenture, that portion of the net proceeds of such sale to which such Holder would be entitled, after deducting the reasonable costs, charges and expenses incurred by the Indenture Trustee or the Noteholders in connection with such sale. The Notes need not be produced in order to complete any such sale, or in order for the net proceeds of such sale to be credited against the Notes. The Indenture Trustee or the Noteholders may hold, lease, operate, manage or otherwise deal with any property so acquired in any manner permitted by law.

(d) The Indenture Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a sale thereof. In addition, the Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest in any portion of the Trust Estate in connection with a sale thereof, and to take all action necessary to effect such sale. No purchaser or transferee at such a sale shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(e) The method, manner, time, place and terms of any sale of all or any portion of the Trust Estate shall be commercially reasonable.

(f) This Section 9.15 is subject to Section 7.01(i).

Section 9.16 *Action on Notes*. The Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate or upon any of the assets of the Issuer.

**ARTICLE X.**  
**SUPPLEMENTAL INDENTURES**

Section 10.01 *[Reserved]* .

Section 10.02 *Supplemental Indentures with Consent of Noteholders* . With the prior written consent of each Noteholder affected thereby and receipt by the Indenture Trustee of a Tax Opinion, the Issuer and the Indenture Trustee, when authorized and directed by an Issuer Order, at any time and from time to time, may enter into an amendment or a supplemental indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Noteholders under this Indenture for the following purposes:

(i) to change the Stated Maturity of the principal of any Note, or the due date of any payment of interest on any Note, or reduce the principal amount thereof, or the interest rate thereon, change the place of payment where, or the coin or currency in which any Note or any interest thereon is payable, or impair the right to institute suit for the enforcement of the payment of interest due on any Note on or after the due date thereof or for the enforcement of the payment of the entire remaining unpaid principal amount of any Note on or after the Stated Maturity thereof or change any provision of Article VI regarding the amounts payable upon any Voluntary Prepayment of the Notes;

(ii) to reduce the percentage of the Outstanding Note Balance of any Class of Notes, the consent of the Noteholders of which is required to approve any such supplemental indenture; or the consent of the Noteholders of which is required for any waiver of compliance with provisions of this Indenture or Events of Default or Manager Termination Events under this Indenture or under the Management Agreement and their consequences provided for in this Indenture or for any other purpose hereunder;

(iii) to modify any of the provisions of this Section 10.02;

(iv) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(v) to permit the creation of any other Lien with respect to any part of the Trust Estate or terminate the Lien of this Indenture on any property at any time subject hereto or, except with respect to any action which would not have a material adverse effect on any Noteholder (as evidenced by an Opinion of Counsel to such effect), deprive the Noteholder of the security afforded by the Lien of this Indenture;

provided, that the Indenture Trustee shall not enter into any such amendment or supplemental indenture which would have a material adverse effect on the Hedge Counterparty without the prior written consent of the Hedge Counterparty and the Indenture Trustee shall be entitled to receive

and rely on an Officer's Certificate of the Issuer and the Manager as to whether the proposed amendment or supplemental indenture will materially and adversely affect the Hedge Counterparty.

(b) With the prior written consent of the Majority Noteholders of the Controlling Class, and receipt by the Indenture Trustee of a Tax Opinion, the Issuer and the Indenture Trustee, when authorized and directed by an Issuer Order, at any time and from time to time, may enter into one or more amendments or indentures supplemental hereto, in form and substance satisfactory to the Indenture Trustee (acting at the direction of the Majority Noteholders of the Controlling Class) for the purpose of modifying, eliminating or adding to the provisions of this Indenture; provided, that such supplemental indentures shall not have any of the effects described in paragraphs (i) through (v) of Section 10.02(a)

(c) Promptly after the execution by the Issuer and the Indenture Trustee of any amendment or supplemental indenture pursuant to this Section 10.02, the Indenture Trustee shall make available to the Noteholders a copy of such supplemental indenture. Any failure of the Indenture Trustee to mail such copy shall not, however, in any way impair or affect the validity of any such supplemental indenture.

(d) Whenever the Issuer or the Indenture Trustee solicits a consent to any amendment or supplement to the Indenture, the Issuer shall fix a record date in advance of the solicitation of such consent for the purpose of determining the Noteholders entitled to consent to such amendment or supplement. Only those Noteholders at such record date shall be entitled to consent to such amendment or supplement whether or not such Noteholders continue to be Holders after such record date.

Section 10.03 Execution of Amendments and Supplemental Indentures . In executing, or accepting the additional trusts created by, any amendment or supplemental indenture permitted by this Article X or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Opinion of Counsel (i) stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and (ii) in accordance with Section 3.06. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 10.04 Effect of Amendments and Supplemental Indentures . Upon the execution of any amendment or supplemental indenture under this Article X, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes which have theretofore been or thereafter are authenticated and delivered hereunder shall be bound thereby.

Section 10.05 Reference in Notes to Amendments and Supplemental Indentures . Notes authenticated and delivered after the execution of any amendment or supplemental indenture pursuant to this Article X may, and if required by the Issuer shall, bear a notation as to any matter provided for in such supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform to any such supplemental indenture may be prepared and executed by the

Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

Section 10.06 *Indenture Trustee to Act on Instructions* . Notwithstanding any provision herein to the contrary (other than Section 10.02), in the event the Indenture Trustee is uncertain as to the intention or application of any provision of this Indenture or any other agreement to which it is a party, or such intention or application is ambiguous as to its purpose or application, or is, or appears to be, in conflict with any other applicable provision thereof, or if this Indenture or any other agreement to which it is a party permits or does not prohibit any determination by the Indenture Trustee, or is silent or incomplete as to the course of action which the Indenture Trustee is required or is permitted or may be permitted to take with respect to a particular set of facts or circumstances, the Indenture Trustee shall, at the expense of the Issuer, be entitled to request and rely upon the following: (a) written instructions of the Issuer directing the Indenture Trustee to take certain actions or refrain from taking certain actions, which written instructions shall contain a certification that the taking of such actions or refraining from taking certain actions is in the best interest of the Noteholders and (b) prior written consent of the Majority Noteholders of the Controlling Class. In such case, the Indenture Trustee shall have no liability to the Issuer or the Noteholders for, and the Issuer shall hold harmless the Indenture Trustee from, any liability, costs or expenses arising from or relating to any action taken by the Indenture Trustee acting upon such instructions, and the Indenture Trustee shall have no responsibility to the Noteholders with respect to any such liability, costs or expenses.

Section 10.07 *Option to Tranche* . The Noteholders shall have the option to tranche a Class of Notes to the extent Outstanding at any time, provided that the exercise of such option shall not have an adverse effect on the Issuer, the Notes or any other Noteholder. Upon the exercise of such option, the Issuer and Vivint Solar Provider shall cooperate with such Noteholders and any intended Transferee thereof, as may be reasonably requested by such Noteholders, to effect the exercise of such option and the issuance of replacement Notes in accordance with Section 2.08, including the issuance of replacement Notes in fully registered, book-entry form, replacement Notes that bear interest at a rate separate and apart from the then current weighted average Note Rate on the Notes, or replacement Notes having terms as may be reasonably requested by such Noteholders; provided, that all costs and expenses relating to such exercise and replacement shall be borne by such Noteholders.

**ARTICLE XI.**

[RESERVED]

**ARTICLE XII.**

MISCELLANEOUS

Section 12.01 *Compliance Certificates and Opinions; Furnishing of Information* . Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture (except with respect to ordinary course actions under this Indenture and except as otherwise specifically provided in this Indenture), the Issuer, at the request of the Indenture Trustee, shall furnish to the Indenture Trustee a certificate stating that all conditions

precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of certificates and Opinions of Counsel are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or Opinion of Counsel need be furnished.

Section 12.02 *Form of Documents Delivered to Indenture Trustee* . If several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(a) Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by outside counsel, unless such Authorized Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion or any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Authorized Officer of any relevant Person, stating that the information with respect to such factual matters is in the possession of such Person, unless such officer or counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous. Any Opinion of Counsel may be based on the written opinion of other counsel, in which event such Opinion of Counsel shall be accompanied by a copy of such other counsel's opinion and shall include a statement to the effect that such counsel believes that such counsel and the Indenture Trustee may reasonably rely upon the opinion of such other counsel.

(b) Where any Person is required to make, give or execute two or more applications, requests, consents, notices, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

(c) Wherever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer or the Manager shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's or the Manager's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such notice or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such notice or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Section 7.01(b)(ii).

(d) Wherever in this Indenture it is provided that the absence of the occurrence and continuation of a Default, an Event of Default or a Manager Termination Event is a condition precedent to the taking of any action by the Indenture Trustee at the request or direction of the Issuer, then notwithstanding that the satisfaction of such condition is a condition precedent to the Issuer's or the Indenture Trustee's right to make such request or direction, the Indenture Trustee shall be protected in acting in accordance with such request or direction if a Responsible Officer of the Indenture Trustee does not have actual knowledge of the occurrence and continuation of such Default, Event of Default or Manager Termination Event.

Section 12.03 *Acts of Noteholders* . (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the " *Act* " of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 12.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Whenever such execution is by an officer of a corporation or a member of a limited liability company or a partnership on behalf of such corporation, limited liability company or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Notes shall bind the Holder of every Note issued upon the registration or transfer thereof or in exchange therefor or in lieu thereof, with respect to anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Notes.

Section 12.04 *Notices, Etc* . Any request, demand, authorization, direction, notice, consent, waiver or act of Noteholders or other documents provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Indenture Trustee by any Noteholder or by the Issuer, shall be in writing and shall be delivered personally or mailed by first-class registered or certified mail, postage prepaid, or by telephonic facsimile transmission and overnight delivery service,

postage prepaid, and received by, a Responsible Officer of the Indenture Trustee at its Corporate Trust Office listed below; or

(b) any other Person shall be in writing and shall be delivered personally or by electronic or telephonic facsimile transmission and prepaid overnight delivery service at the address listed below or at any other address subsequently furnished in writing to the Indenture Trustee by the applicable Person.

To the Indenture Trustee: Wells Fargo Bank, National Association  
600 S. 4th Street  
MAC N9300-061  
Minneapolis, MN 55479  
Attention: Corporate Trust Services – Asset Backed  
Administration  
Phone: (612) 667-8058  
Fax: (612) 667-3464

To the Issuer: Vivint Solar Financing IV, LLC  
c/o Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Thomas Plagemann  
Email: thomas.plagemann@vivintsolar.com

with a copy to: Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Vivint Solar Legal Department  
Email: solarlegal@vivintsolar.com

In addition, upon the written request of any beneficial owner of a Note, the Indenture Trustee shall provide to such beneficial owner copies of such notices, reports or other information delivered, in one or more of the means requested, by the Indenture Trustee hereunder to other Persons as such beneficial owner may reasonably request.

Section 12.05 *Notices and Reports to Noteholders; Waiver of Notices* . Where this Indenture provides for notice to Noteholders of any event or the mailing of any report to the Noteholders, such notice or report shall be written and shall be sufficiently given (unless otherwise herein expressly provided) if mailed, first-class, postage-prepaid, to each Noteholder affected by such event or to whom such report is required to be mailed or sent via electronic mail, at the address or electronic mail address of such Noteholder as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice or the mailing of such report. In any case where a notice or report to Noteholders is mailed in the manner provided above, neither the failure to mail such notice or report, nor any defect in any notice or report so mailed, to any particular Noteholder shall affect the sufficiency of such notice or report with respect to other Noteholders, and any notice or report which is mailed in the manner herein provided shall be conclusively presumed to have been duly given or provided.

(a) Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(b) If, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to the Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

(c) The Indenture Trustee shall promptly upon written request furnish to each Noteholder each Semi-Annual Manager Report and, unless directed to do so under any other provision of this Indenture or any other Transaction Document in which case no request shall be necessary), a copy of all reports, financial statements and notices received by the Indenture Trustee pursuant to this Indenture and the other Transaction Documents, but only with the use of a password provided by the Indenture Trustee; *provided, however*, the Indenture Trustee shall have no obligation to provide such information described in this Section 12.05 until it has received the requisite information from the Issuer or the Manager. The Indenture Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor. The Indenture Trustee's internet website will initially be located at [www.CTSLink.com](http://www.CTSLink.com) or at such other address as the Indenture Trustee shall notify the parties to the Indenture from time to time. In connection with providing access to the Indenture Trustee's website, the Indenture Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for the dissemination of information in accordance with this Indenture.

*Section 12.06 Rules by Indenture Trustee* . The Indenture Trustee may make reasonable rules for any meeting of Noteholders.

*Section 12.07 Issuer Obligation* . Each of the Indenture Trustee and each Noteholder accepts that the enforceability against the Issuer under this Indenture and under the Notes shall be limited to the assets of the Issuer, whether tangible or intangible, real or personal (including the Trust Estate) and the proceeds thereof. No recourse may be taken, directly or indirectly, against (a) any member, manager, officer, employee, trustee, agent or director of the Issuer or of any predecessor of the Issuer, (b) any member, manager, beneficiary, officer, employee, trustee, agent, director or successor or assign of a holder of a member or limited liability company interest in the Issuer, or (c) any incorporator, subscriber to capital stock, stockholder, officer, director, employee or agent of the Indenture Trustee or any predecessor or successor thereof, with respect to the Issuer's obligations with respect to the Notes or any of the statements, representations, covenants, warranties or obligations of the Issuer under this Indenture or any Note or other writing delivered in connection herewith or therewith.

*Section 12.08 Enforcement of Benefits* . The Indenture Trustee for the benefit of the Noteholders shall be entitled to enforce and, at the written direction of and with indemnity by the Super-Majority Noteholders of the Controlling Class, the Indenture Trustee shall enforce the

covenants and agreements of the Manager contained in the Management Agreement, the Transition Manager contained in the Manager Transition Agreement, the Custodian contained in the Custodial Agreement, the Depositor contained in the Depositor Contribution Agreement, Financing Holdings contained in the Holdings Contribution Agreement, the Performance Guaranty contained in the Performance Guaranty and each other Transaction Document.

Section 12.09 *Effect of Headings and Table of Contents* . The Section and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.10 *Successors and Assigns* . All covenants and agreements in this Indenture by the Issuer and the Indenture Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 12.11 *Separability* . If any provision in this Indenture or in the Notes 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. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Indenture, a provision as similar in its terms and purpose to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 12.12 *Benefits of Indenture* . Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any separate trustee or co-trustee appointed under Section 7.13 and the Noteholders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.13 *Legal Holidays* . If the date of any Payment Date or any other date on which principal of or interest on any Note is proposed to be paid or any date on which mailing of notices by the Indenture Trustee to any Person is required pursuant to any provision of this Indenture, shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment or mailing of such notice need not be made on such date, but may be made or mailed on the next succeeding Business Day with the same force and effect as if made or mailed on the nominal date of any such Payment Date or other date for the payment of principal of or interest on any Note, or as if mailed on the nominal date of such mailing, as the case may be, and in the case of payments, no interest shall accrue for the period from and after any such nominal date, *provided* such payment is made in full on such next succeeding Business Day.

Section 12.14 *Governing Law; Jurisdiction; Waiver of Jury Trial* .

(a) This Indenture and each Note shall be construed in accordance with and governed by the substantive laws of the State of New York (including New York General Obligations Laws §§ 5-1401 and 5-1402, but otherwise without regard to conflicts of law provisions thereof, except with regard to the UCC) applicable to agreements made and to be performed therein.

(b) The Parties hereto agree to the non-exclusive jurisdiction of the state and federal courts in New York.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO AND EACH NOTEHOLDER BY ACCEPTANCE OF A NOTE IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION PROCEEDING OR COUNTERCLAIM BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS INDENTURE, ANY OTHER DOCUMENT IN CONNECTION HEREWITH OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

Section 12.15 *Counterparts* . This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. Delivery of an executed counterpart of this Indenture by facsimile or other electronic transmission (i.e., "pdf" or "tif") shall be effective delivery of a manually executed counterpart hereof and deemed an original.

Section 12.16 *Recording of Indenture* . If this Indenture is subject to recording in any appropriate public recording offices, the Issuer shall effect such recording at its expense in compliance with an Opinion of Counsel to the effect that such recording is necessary either for the protection of the Noteholders or any other person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture or any other Transaction Document.

Section 12.17 *Further Assurances* . The Issuer agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Indenture Trustee to effect more fully the purposes of this Indenture, including, without limitation, the execution of any financing statements or continuation statements relating to the Trust Estate for filing under the provisions of the UCC of any applicable jurisdiction.

Section 12.18 *No Bankruptcy Petition Against the Issuer* . The Indenture Trustee agrees (and each Noteholder by its acceptance of the Notes shall be deemed to agree) that, prior to the date that is one year and one day after the payment in full of all amounts payable with respect to the Notes, it will not institute against the Issuer, or join any other Person in instituting against the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under the laws of the United States or any State of the United States. This Section 12.18 shall survive the termination of this Indenture.

Section 12.19 *[Reserved]* .

Section 12.20 *Liquidated Damages Demands* . The Indenture Trustee will promptly notify the Issuer, the Manager and the Depositor of any demand by a Noteholder (or a beneficial owner thereof) made in writing to a Responsible Officer of the Indenture Trustee that the Depositor pay Liquidated Damages Amounts in respect of a Defective Solar Asset, whether on account of a breach of representation or warranty or otherwise. Other than forwarding Noteholder demands in accordance with this Section 12.20, the Indenture Trustee shall have no responsibility for compliance by the Issuer, the Manager or the Depositor with any reporting requirements under

federal securities laws with respect to breaches of representations and warranties and shall not be required to determine whether or not such a breach has occurred or is material.

Section 12.21 *[Reserved]* .

Section 12.22 *Tax Treatment Disclosure* . Any person (and each employee, representative, or other agent of such person) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such person relating to such tax treatment and tax structure.

Section 12.23 *Multiple Roles* . The parties expressly acknowledge and consent to Wells Fargo Bank, National Association, acting in the multiple roles of Indenture Trustee, the Transition Manager and the Custodian. Wells Fargo Bank, National Association may, in such capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles, or other breach of duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of express duties set forth in this Indenture in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment), bad faith or willful misconduct by Wells Fargo Bank, National Association.

Section 12.24 *PATRIOT Act* . The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements established under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001) and its implementing regulations (collectively, the Patriot Act), the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request from time to time in order to comply with any applicable requirements of the Patriot Act.

### ARTICLE XIII.

#### TERMINATION

Section 13.01 *Termination of Indenture* . This Indenture shall terminate on or after the Termination Date upon the payment to the Noteholders and the Indenture Trustee of all amounts required to be paid to them pursuant to this Indenture, and the conveyance and transfer of all right, title and interest in and to the property and funds in the Trust Estate to the Issuer. The Manager shall promptly notify the Indenture Trustee in writing of any prospective termination pursuant to this Article XIII.

(a) Notice of any prospective termination, specifying the Payment Date for payment of the final payment and requesting the surrender of the Notes for cancellation, shall be given promptly by the Indenture Trustee by letter to the Noteholders as of the applicable Record Date upon the Indenture Trustee receiving written notice of such event

from the Issuer or the Manager. The Issuer or the Manager shall give such notice to the Indenture Trustee not later than the 5th day of the month of the final Payment Date stating (i) the Payment Date upon which final payment of the Notes shall be made, (ii) the amount of any such final payment, and (iii) the location for presentation and surrender of the Notes. Surrender of the Notes that are Definitive Notes shall be a condition of payment of such final payment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture to be duly executed as of the day and year first above written.

VIVINT SOLAR FINANCING IV, LLC, as Issuer

By  
Name:  
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as  
Indenture Trustee

By  
Name:  
Title:

AGREED AND ACKNOWLEDGED:

VIVINT SOLAR PROVIDER, LLC,  
as Manager

By  
Name:  
Title:

**SCHEDULE I**  
SCHEDULE OF SOLAR ASSETS

[See attached]

**SCHEDULE II**

SCHEDULED HOST CUSTOMER PAYMENTS AND SCHEDULED HEDGED SREC PAYMENTS

[See attached]

SCHEDULE III

SCHEDULED OUTSTANDING NOTE BALANCE

<b>Payment Date</b>	<b>Class A Scheduled Outstanding Note Balance</b>	<b>Class B Scheduled Outstanding Note Balance</b>
Closing Date	\$296,000,000	\$49,000,000
August 2018	\$295,850,000	\$49,000,000
February 2019	\$295,700,000	\$49,000,000
August 2019	\$295,550,000	\$49,000,000
February 2020	\$295,400,000	\$49,000,000
August 2020	\$295,300,000	\$49,000,000
February 2021	\$295,100,000	\$49,000,000
August 2021	\$294,100,000	\$49,000,000
February 2022	\$292,100,000	\$49,000,000
August 2022	\$290,100,000	\$49,000,000
February 2023	\$288,100,000	\$49,000,000
August 2023	\$286,100,000	\$49,000,000
February 2024	\$0	\$0

SCHEDULE IV

SCHEDULED TAX EQUITY INVESTOR DISTRIBUTIONS

<b>Year</b>	<b>Tax Equity Investor Distributions</b>
2018	\$12,589,592
2019	\$21,868,815
2020	\$22,190,493
2021	\$14,880,171
2022	\$5,335,374
2023	\$4,674,061
2024	\$4,721,537
2025	\$4,770,083
2026	\$4,819,720
2027	\$4,870,469
2028	\$4,922,351
2029	\$4,975,388
2030	\$5,044,159
2031	\$5,106,254
2032	\$5,165,219
2033	\$5,205,428
2034	\$4,157,145
2035	\$2,054,305
2036	\$130,461
2037	\$140
2038	\$14
2039	\$0
<b>Total</b>	<b>\$137,481,179</b>

SCHEDULE V

SUPPLEMENTAL RESERVE ACCOUNT DEPOSIT AMOUNTS

	<b>Supplemental Reserve Account Deposit Amount</b>
Closing Date	\$14,000,000
August 2018	\$1,250,000
February 2019	\$1,100,000
August 2019	\$1,550,000
February 2020	\$2,555,000
August 2020	\$1,250,000
February 2021	\$1,250,000
August 2021	\$1,500,000
February 2022	\$0

EXHIBIT A-1

FORM OF CLASS A NOTE

Note Number: [ ]

[ For GLOBAL NOTES, ADD THE FOLLOWING:

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ( "DTC" ), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.]

THIS [GLOBAL] NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS [GLOBAL] NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS [GLOBAL] NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS [GLOBAL] NOTE OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS [GLOBAL] NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF \$ 15,000,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE

HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS [GLOBAL] NOTE OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

[ For REGULATION S TEMPORARY GLOBAL NOTE, ADD THE FOLLOWING:

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A REGULATION S PERMANENT GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE INDENTURE REFERRED TO HEREIN.]

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM THE SECURITIES DEPOSITORY .

SECTIONS 2.07 AND 2.08 OF THE INDENTURE CONTAIN FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS NOTE. EACH TRANSFEREE OF THIS NOTE, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS NOTE SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY.

EACH NOTEHOLDER OR NOTE OWNER, BY ITS ACCEPTANCE OF THIS NOTE (OR INTEREST THEREIN), COVENANTS AND AGREES THAT SUCH NOTEHOLDER OR NOTE OWNER, AS THE CASE MAY BE, SHALL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE TERMINATION OF THE INDENTURE, ACQUIESCE, PETITION OR OTHERWISE INVOKE OR CAUSE THE ISSUER TO INVOKE THE PROCESS OF ANY COURT OR GOVERNMENTAL AUTHORITY FOR THE PURPOSE OF COMMENCING OR SUSTAINING A CASE AGAINST THE ISSUER UNDER ANY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY, REORGANIZATION OR SIMILAR LAW OR APPOINTING A RECEIVER, LIQUIDATOR, ASSIGNEE, INDENTURE TRUSTEE, CUSTODIAN, SEQUESTRATOR OR OTHER SIMILAR OFFICIAL OF THE ISSUER OR ANY SUBSTANTIAL PART OF ITS PROPERTY, OR ORDERING THE WINDING UP OR LIQUIDATION OF THE AFFAIRS OF THE ISSUER. THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS SECURITY MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE INDENTURE TRUSTEE.

**VIVINT SOLAR FINANCING IV, LLC  
SOLAR ASSET BACKED NOTES, SERIES 2018-2  
CLASS A NOTE**

**[GLOBAL] NOTE**

ORIGINAL ISSUE DATE	STATED MATURITY	ISSUE PRICE
June 11, 2018	August 2023	100.00%

REGISTERED OWNER:

INITIAL PRINCIPAL BALANCE: \$296,000,000

CUSIP No.

ISIN No.

THIS CERTIFIES THAT Vivint Solar Financing IV, LLC, a Delaware limited liability company (hereinafter called the " *Issuer* "), which term includes any successor entity under the Indenture, dated as of June 11, 2018 (the " *Indenture* "), between the Issuer and Wells Fargo Bank, National Association, as indenture trustee (together with any successor thereto, hereinafter called the " *Indenture Trustee* "), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, subject to the provisions hereof and of the Indenture, (A) interest based on the Interest Accrual Period at the applicable Note Rate defined in the Indenture, on each Payment Date beginning in August 2018 (or, if such day is not a Business Day, the next succeeding Business Day), and (B) principal on each Payment Date in the manner and subject to the Priority of Payments as set forth in the Indenture; provided, however, that the Notes are subject to prepayment as set forth in the Indenture. This note (this " *Class A Note* ") is one of a duly authorized series of Class A Notes of the Issuer designated as its Vivint Solar Financing IV, LLC, Solar Asset Backed Notes, Series 2018-2, Class A (the " *Class A Notes* "). The Indenture authorizes the issuance of \$296,000,000 in Outstanding Note Balance of Class A Notes and \$49,000,000 in Outstanding Note Balance of Vivint Solar Financing IV, LLC, Solar Asset Backed Notes, Series 2018-2, Class B (the " *Class B Notes* ", together with the Class A Notes, the " *Notes* "). The Indenture provides that the Notes will be entitled to receive payments in reduction of the Outstanding Note Balance, in the amounts, from the sources, and at the times more specifically as set forth in the Indenture. The Notes are secured by the Trust Estate (as defined in the Indenture).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a statement of the respective rights thereunder of the Issuer, the Indenture Trustee and the Holders of the Notes and the terms upon which the Notes are to be authenticated and delivered. All terms used in this Note which are not defined herein shall have the meanings assigned to them in the Indenture.

THE OBLIGATION OF THE ISSUER TO REPAY THE NOTES IS A LIMITED, NONRECOURSE OBLIGATION SECURED ONLY BY THE TRUST ESTATE. All payments of principal of and interest on the Class A Notes shall be made only from the Trust Estate, and each Noteholder and each Note Owner hereof, by its acceptance of this Class A Note, agrees that it shall be entitled to payments solely from such Trust Estate pursuant to the terms of the Indenture. The actual Outstanding Note Balance on this Class A Note may be less than the principal balance indicated on the face hereof. The actual Outstanding Note Balance on this Class A Note at any time may be obtained from the Indenture Trustee.

With respect to payment of principal of and interest on the Class A Notes, the Indenture provides the following:

(a) Until fully paid, principal payments on the Class A Notes will be made on each Payment Date in an amount, at the time, and in the manner provided in the Indenture; *provided*, however, that the Notes are subject to prepayment as set forth in the Indenture. The Outstanding Note Balance of each Class A Note shall be payable no later than the Stated Maturity thereof unless the Outstanding Note Balance of such Class A Note becomes due and payable at an earlier date pursuant to the Indenture, and in each case such payment shall be made in an amount and in the manner provided in the Indenture.

(b) The Class A Notes shall bear interest on the Outstanding Note Balance of the Class A Notes and accrued but unpaid interest thereon, at the applicable Note Rate. The Note Interest with respect to the Class A Notes shall be payable on each Payment Date to the extent that the Collection Account then contains sufficient amounts to pay such Note Interest pursuant to Section 5.05 of the Indenture. Note Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

All payments of interest and principal on the Class A Notes on the applicable Payment Date shall be paid to the Person in whose name such Class A Note is registered at the close of business on the Record Date for such Payment Date in the manner provided in the Indenture. All reductions in the Outstanding Note Balance of a Class A Note (or one or more Predecessor Notes) effected by full or partial payments of installments of principal shall be binding upon all past, then current, and future Holders of such Class A Note and of any Class A Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Class A Note.

The Stated Maturity of the Notes is the Payment Date in August 2023 unless the Notes are earlier prepaid in whole or accelerated pursuant to the Indenture. The Indenture Trustee shall pay to each Class A Noteholder of record on the preceding Record Date either (i) by wire transfer, in immediately available funds to the account of such Class A Noteholder at a bank or other entity having appropriate facilities therefor, if such Class A Noteholder shall have provided to the Indenture Trustee appropriate written instructions at least five Business Days prior to the related Payment Date (which instructions may remain in effect for subsequent Payment Dates unless revoked by the Class A Noteholder), or (ii) if not, by check mailed to such Class A Noteholder at the address of such Class A Noteholder appearing in the Note Register, the amounts to be paid to such Class A Noteholder pursuant to such Class A Noteholder's Notes; provided, that so long as the Class A Notes are registered in the name of the Securities Depository such payments shall be made to the nominee thereof in immediately available funds.

THE CLASS A NOTES SHALL BE SUBJECT TO VOLUNTARY PREPAYMENT AT THE OPTION OF THE ISSUER IN THE MANNER AND SUBJECT TO THE PROVISIONS OF THE INDENTURE. Whenever by the terms of the Indenture, the Indenture Trustee is required to prepay the Class A Notes, and subject to and in accordance with the terms of Article VI of the Indenture, the Indenture Trustee shall give notice of the prepayment in the manner prescribed by the Indenture.

Subject to certain restrictions contained in the Indenture, (i) the Class A Notes are issuable in the minimum denomination of \$15,000,000 and in integral multiples of \$1,000 in excess thereof ( *provided* , that one Class A Note may be issued in an additional amount equal to any remaining portion of the Initial Outstanding Note Balance) and (ii) the Class A Notes may be exchanged for

a like aggregate principal amount of Class A Notes of authorized denominations of the same maturity.

The final payment on any Definitive Note shall be made only upon presentation and surrender of the Note at the Corporate Trust Office of the Indenture Trustee.

The Class A Noteholders shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Class A Notes may be exchanged, and their transfer may be registered, by the Noteholders in person or by their attorneys duly authorized in writing at the Corporate Trust Office of the Indenture Trustee only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of the Class A Notes. Upon exchange or registration of such transfer, a new registered Class A Note or Notes evidencing the same outstanding principal amount will be executed in exchange therefor.

All amounts collected as payments on the Trust Estate or otherwise shall be applied in the order of priority specified in the Indenture.

Each Person who has or who acquires any Ownership Interest in a Class A Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of the Indenture. A Noteholder may not sell, offer for sale, assign, pledge, hypothecate or otherwise transfer or encumber all or any part of its interest in the Class A Notes except pursuant to an effective registration statement covering such transaction under the Securities Act of 1933, as amended, and effective qualification or registration under all applicable State securities laws and regulations or under an exemption from registration under said Securities Act and said State securities laws and regulations.

*[Add the following for Rule 144A Global Notes:*

Interests in this Class A Note may be exchanged for an interest in the corresponding Regulation S Temporary Global Note or Regulation S Global Note, in each case subject to the restrictions specified in the Indenture.]

*[ Add the following for Regulation S Temporary Global Notes :*

Interests in this Class A Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.

On or after the 40<sup>th</sup> day after the later of the Closing Date and the commencement of the offering of the Notes, interests in this Regulation S Temporary Global Note may be exchanged (free of charge) for interests in a Regulation S Permanent Global Note. The Regulation S Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Regulation S Temporary Global Note in respect of which there shall have been presented to DTC by Euroclear or Clearstream a certification to the effect that it has received from or in respect of a person entitled to an interest (as shown by its records) a certification that the beneficial interests

in such Regulation S Temporary Global Note are owned by persons who are not U.S. persons (as defined in Regulation S).]

[ *Add the following for Regulation S Permanent Global Notes :*

Interests in this Class A Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.]

In addition, each Person who has or who acquires any Ownership Interest in a Class A Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of Section 12.18 of the Indenture. Prior to the date that is one year and one day after the payment in full of all amounts payable with respect to the Class A Notes, each Person who has or acquires an Ownership Interest in a Class A Note agrees that such Person will not institute against the Issuer, or join any other Person in instituting against the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under the laws of the United States or any State of the United States. This covenant shall survive the termination of the Indenture.

Before the due presentment for registration of transfer of this Class A Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the person in whose name this Class A Note is registered (i) on any Record Date for purposes of making payments, and (ii) on any other date for any other purpose, as the owner hereof, whether or not this Class A Note be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits the amendment thereof for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Noteholders under the Indenture at any time by the Issuer and the Indenture Trustee (and, in some cases, only with the consent of the Noteholder affected thereby) and compliance with certain other conditions. Any such consent by the Holder, at the time of the giving thereof, of this Class A Note (or any one or more Predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class A Note and of any Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Class A Note.

The Class A Notes and all obligations with respect thereto, including obligations under the Indenture, will be limited recourse obligations of the Issuer payable solely from the Trust Estate. Neither the Issuer, the Depositor, the Manager, the Transition Manager, the Custodian, the Note Registrar, the Indenture Trustee in its individual capacity or in its capacity as Indenture Trustee, nor any of their respective Affiliates, agents, partners, beneficiaries, officers, directors, stockholders, stockholders of partners, employees or successors or assigns, shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture. Without limiting the foregoing, each Holder of any Class A Note by its acceptance thereof, and the Indenture Trustee, shall be deemed to have agreed (i) that it shall look only to the Trust Estate to satisfy the Issuer's obligations under or with respect to a Class A Note or the Indenture, including but not limited to liabilities under Article V of the Indenture and liabilities arising (whether at common law or equity) from breaches by the Issuer of any obligations, covenants and agreements

herein or, to the extent enforceable, for any violation by the Issuer of applicable State or federal law or regulation, *provided* that, the Issuer shall not be relieved of liability hereunder with respect to any misrepresentation in the Indenture or any Transaction Document, or fraud, of the Issuer, and (ii) to waive any rights it may have to obtain a deficiency or other monetary judgment against either the Issuer or any of its principals, directors, officers, beneficial owners, employees or agents (whether disclosed or undisclosed) or their respective assets (other than the Trust Estate). The foregoing provisions of this paragraph shall not (i) prevent recourse to the Trust Estate or any Person (other than the Issuer) for the sums due or to become due under any security, instrument or agreement which is part of the Trust Estate, (ii) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Class A Notes or secured by the Indenture, but the same shall continue until paid or discharged, or (iii) prevent the Indenture Trustee from exercising its rights with respect to the Grant, pursuant to the Indenture, of the Issuer's rights under the Transaction Documents. It is further understood that the foregoing provisions of this paragraph shall not limit the right of any Person to name the Indenture Trustee in its capacity as Indenture Trustee under the Indenture or the Issuer as a party defendant in any action or suit or in the exercise of any remedy under the Notes or the Indenture, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced. It is expressly understood that all such liability is hereby expressly waived and released to the extent provided herein as a condition of, and as a consideration for, the execution of the Indenture and the issuance of the Notes.

The remedies of the Holder of this Class A Note as provided herein, in the Indenture or in the other Transaction Documents, shall be cumulative and concurrent and may be pursued solely against the assets of the Trust Estate. No failure on the part of the Noteholder in exercising any right or remedy hereunder shall operate as a waiver or release thereof, nor shall any single or partial exercise of any such right or remedy preclude any other further exercise thereof or the exercise of any other right or remedy hereunder.

The Class A Notes are issuable only in registered form in denominations as provided in the Indenture and subject to certain limitations therein set forth. At the option of the Class A Noteholder, Class A Notes may be exchanged for Class A Notes of like terms, in any authorized denominations and of like aggregate principal amount, upon surrender of the Notes to be exchanged at the Corporate Trust Office of the Indenture Trustee, subject to the terms and conditions of the Indenture.

Reference is hereby made to the Indenture, a copy of which is on file with the Indenture Trustee, for the provisions, among others, with respect to (i) the nature and extent of the rights, duties and obligations of the Indenture Trustee, the Issuer and the Class A Noteholders; (ii) the terms upon which the Class A Notes are executed and delivered; (iii) the collection and disposition of payments or proceeds in respect of the Conveyed Property; (iv) a description of the Trust Estate; (v) the modification or amendment of the Indenture; (vi) other matters; and (vii) the definition of capitalized terms used in this Class A Note that are not defined herein; to all of which the Class A Noteholders and Note Owners assent by the acceptance of the Class A Notes.

**THIS CLASS A NOTE IS ISSUED PURSUANT TO THE INDENTURE AND IT AND THE INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES**

HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS (INCLUDING, WITHOUT LIMITATION, §5-1401 AND §5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS).

REFERENCE IS HEREBY MADE TO THE PROVISIONS OF THE INDENTURE AND SUCH PROVISIONS ARE HEREBY INCORPORATED BY REFERENCE AS IF FULLY SET FORTH HEREIN.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee by manual signature, this Class A Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed as of the date set forth below.

VIVINT SOLAR FINANCING IV, LLC, as Issuer

By

Name: Thomas Plagemann  
Title: Chief Commercial Officer

A-1-9

---

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class A Notes referred to in the within-mentioned Indenture.

Dated:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as  
Indenture Trustee

By

Name:  
Title:

A-1-10

---

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR  
TAXPAYER IDENTIFICATION NUMBER  
OF ASSIGNEE)

\_\_\_\_\_

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

\_\_\_\_\_  
the within Note, and all rights thereunder, and hereby does irrevocably constitute and appoint

\_\_\_\_\_  
Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever. The signature should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Indenture Trustee.

EXHIBIT A-2

FORM OF CLASS B NOTE

Note Number: [ ]

[For GLOBAL NOTES, ADD THE FOLLOWING:

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ( "DTC" ), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY GLOBAL NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN. ]

THIS [GLOBAL] NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS [GLOBAL] NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS [GLOBAL] NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR ANY INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS [GLOBAL] NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF \$750,000 AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE

HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS GLOBAL NOTE OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

[ For REGULATION S TEMPORARY GLOBAL NOTE, ADD THE FOLLOWING :

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A REGULATION S PERMANENT GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE INDENTURE REFERRED TO HEREIN.]

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM THE SECURITIES DEPOSITORY .

SECTIONS 2.07 AND 2.08 OF THE INDENTURE CONTAIN FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS NOTE. EACH TRANSFEREE OF THIS NOTE, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS NOTE SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY .

EACH NOTEHOLDER OR NOTE OWNER, BY ITS ACCEPTANCE OF THIS NOTE (OR INTEREST THEREIN), COVENANTS AND AGREES THAT SUCH NOTEHOLDER OR NOTE OWNER, AS THE CASE MAY BE, SHALL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE TERMINATION OF THE INDENTURE, ACQUIESCE, PETITION OR OTHERWISE INVOKE OR CAUSE THE ISSUER TO INVOKE THE PROCESS OF ANY COURT OR GOVERNMENTAL AUTHORITY FOR THE PURPOSE OF COMMENCING OR SUSTAINING A CASE AGAINST THE ISSUER UNDER ANY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY, REORGANIZATION OR SIMILAR LAW OR APPOINTING A RECEIVER, LIQUIDATOR, ASSIGNEE, INDENTURE TRUSTEE, CUSTODIAN, SEQUESTRATOR OR OTHER SIMILAR OFFICIAL OF THE ISSUER OR ANY SUBSTANTIAL PART OF ITS PROPERTY, OR ORDERING THE WINDING UP OR LIQUIDATION OF THE AFFAIRS OF THE ISSUER. THE PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS SECURITY MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE INDENTURE TRUSTEE .

THE RIGHT TO PAYMENT OF PRINCIPAL AND INTEREST OF THIS NOTE IS SUBJECT TO THE RIGHT OF PAYMENT OF PRINCIPAL AND INTEREST OF THE CLASS A NOTES AS MORE FULLY DESCRIBED IN THE INDENTURE REFERRED TO HEREIN.

VIVINT SOLAR FINANCING IV, LLC  
SOLAR ASSET BACKED NOTES, SERIES 2018-2  
CLASS B NOTE

[GLOBAL] NOTE

ORIGINAL ISSUE DATE	STATED MATURITY	ISSUE PRICE
June 11, 2018	August 2023	100.00%

REGISTERED OWNER:

INITIAL PRINCIPAL BALANCE: \$49,000,000

CUSIP No.

ISIN No.

THIS CERTIFIES THAT Vivint Solar Financing IV, LLC, a Delaware limited liability company (hereinafter called the " *Issuer* "), which term includes any successor entity under the Indenture, dated as of June 11, 2018 (the " *Indenture* "), between the Issuer and Wells Fargo Bank, National Association, as indenture trustee (together with any successor thereto, hereinafter called the " *Indenture Trustee* "), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, subject to the provisions hereof and of the Indenture, (A) interest based on the Interest Accrual Period at the applicable Note Rate defined in the Indenture, on each Payment Date beginning in August 2018 (or, if such day is not a Business Day, the next succeeding Business Day), and (B) principal on each Payment Date after the Outstanding Note Balance of the Class A Notes has been reduced to zero in the manner and subject to the Priority of Payments as set forth in the Indenture; *provided, however*, that the Notes are subject to prepayment as set forth in the Indenture. This note (this " *Class B Note* ") is one of a duly authorized series of Class B Notes of the Issuer designated as its Vivint Solar Financing IV, LLC, Solar Asset Backed Notes, Series 2018-2, Class B (the " *Class B Notes* "). The Indenture authorizes the issuance of \$49,000,000 in Outstanding Note Balance of Class B Notes and \$296,000,000 in Outstanding Note Balance of Vivint Solar Financing IV, LLC, Solar Asset Backed Notes, Series 2018-2, Class A (the " *Class A Notes* ", together with the Class B Notes, the " *Notes* "). The Indenture provides that the Notes will be entitled to receive payments in reduction of the Outstanding Note Balance, in the amounts, from the sources, and at the times more specifically as set forth in the Indenture. The Notes are secured by the Trust Estate (as defined in the Indenture).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a statement of the respective rights thereunder of the Issuer, the Indenture Trustee and the Holders of the Notes and the terms upon which the Notes are to be authenticated and delivered. All terms used in this Note which are not defined herein shall have the meanings assigned to them in the Indenture.

THE OBLIGATION OF THE ISSUER TO REPAY THE NOTES IS A LIMITED, NONRECOURSE OBLIGATION SECURED ONLY BY THE TRUST ESTATE . All payments of principal of and interest on

the Class B Notes shall be made only from the Trust Estate, and each Noteholder and Note Owner, by its acceptance of this Class B Note, agrees that it shall be entitled to payments solely from such Trust Estate pursuant to the terms of the Indenture. The actual Outstanding Note Balance on this Class B Note may be less than the principal balance indicated on the face hereof. The actual Outstanding Note Balance on this Class B Note at any time may be obtained from the Indenture Trustee.

With respect to payment of principal of and interest on the Class B Notes, the Indenture provides the following:

(a) Until fully paid, principal payments on the Class B Notes will be made on each Payment Date after the Outstanding Note Balance of the Class A Notes has been reduced to zero in an amount, at the time, and in the manner provided in the Indenture *provided, however*, that the Notes are subject to prepayment as set forth in the Indenture. The Outstanding Note Balance of each Class B Note shall be payable no later than the Stated Maturity thereof unless the Outstanding Note Balance of such Class B Note becomes due and payable at an earlier date pursuant to the Indenture, and in each case such payment shall be made in an amount and in the manner provided in the Indenture.

(b) The Class B Notes shall bear interest on the Outstanding Note Balance of the Class B Notes and accrued but unpaid interest thereon, at the applicable Note Rate. The Note Interest with respect to the Class B Notes shall be payable on each Payment Date to the extent that the Collection Account then contains sufficient amounts to pay such Note Interest pursuant to Section 5.05 of the Indenture. Note Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

All payments of interest and principal on the Class B Notes on the applicable Payment Date shall be paid to the Person in whose name such Class B Note is registered at the close of business on the Record Date for such Payment Date in the manner provided in the Indenture. All reductions in the Outstanding Note Balance of a Class B Note (or one or more Predecessor Notes) effected by full or partial payments of installments of principal shall be binding upon all past, then current, and future Holders of such Class B Note and of any Class B Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Class B Note.

The Stated Maturity of the Notes is the Payment Date in August 2023 unless the Notes are earlier prepaid in whole or accelerated pursuant to the Indenture. The Indenture Trustee shall pay to each Class B Noteholder of record on the preceding Record Date either (i) by wire transfer, in immediately available funds to the account of such Class B Noteholder at a bank or other entity having appropriate facilities therefor, if such Class B Noteholder shall have provided to the Indenture Trustee appropriate written instructions at least five Business Days prior to the related Payment Date (which instructions may remain in effect for subsequent Payment Dates unless revoked by the Class B Noteholder), or (ii) if not, by check mailed to such Class B Noteholder at the address of such Class B Noteholder appearing in the Note Register, the amounts to be paid to such Class B Noteholder pursuant to such Class B Noteholder's Notes; *provided*, that so long as the Class B Notes are registered in the name of the Securities Depository such payments shall be made to the nominee thereof in immediately available funds.

THE CLASS B NOTES SHALL BE SUBJECT TO VOLUNTARY PREPAYMENT AT THE OPTION OF THE ISSUER IN THE MANNER AND SUBJECT TO THE PROVISIONS OF THE INDENTURE . Whenever by the terms of the Indenture, the Indenture Trustee is required to prepay the Class B Notes, and subject to and in accordance with the terms of Article VI of the Indenture, the Indenture Trustee shall give notice of the prepayment in the manner prescribed by the Indenture.

Subject to certain restrictions contained in the Indenture, (i) the Class B Notes are issuable in the minimum denomination of \$750,000 and in integral multiples of \$1,000 in excess thereof ( *provided*, that one Class B Note may be issued in an additional amount equal to any remaining portion of the Initial Outstanding Note Balance) and (ii) the Class B Notes may be exchanged for a like aggregate principal amount of Class B Notes of authorized denominations of the same maturity.

The final payment on any Definitive Note shall be made only upon presentation and surrender of the Note at the Corporate Trust Office of the Indenture Trustee.

The Class B Noteholders shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Class B Notes may be exchanged, and their transfer may be registered, by the Noteholders in person or by their attorneys duly authorized in writing at the Corporate Trust Office of the Indenture Trustee only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of the Class B Notes. Upon exchange or registration of such transfer, a new registered Class B Note or Notes evidencing the same outstanding principal amount will be executed in exchange therefor.

All amounts collected as payments on the Trust Estate or otherwise shall be applied in the order of priority specified in the Indenture.

Each Person who has or who acquires any Ownership Interest in a Class B Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of the Indenture. A Noteholder may not sell, offer for sale, assign, pledge, hypothecate or otherwise transfer or encumber all or any part of its interest in the Class B Notes except pursuant to an effective registration statement covering such transaction under the Securities Act of 1933, as amended, and effective qualification or registration under all applicable State securities laws and regulations or under an exemption from registration under said Securities Act and said State securities laws and regulations.

*[Add the following for Rule 144A Global Notes:*

Interests in this Class B Note may be exchanged for an interest in the corresponding Regulation S Temporary Global Note or Regulation S Permanent Global Note, in each case subject to the restrictions specified in the Indenture.]

*[Add the following for Regulation S Temporary Global Notes:*

Interests in this Class B Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.

On or after the 40<sup>th</sup> day after the later of the Closing Date and the commencement of the offering of the Notes, interests in this Regulation S Temporary Global Note may be exchanged (free of charge) for interests in a Regulation S Permanent Global Note. The Regulation S Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Regulation S Temporary Global Note in respect of which there shall have been presented to DTC by Euroclear or Clearstream a certification to the effect that it has received from or in respect of a person entitled to an interest (as shown by its records) a certification that the beneficial interests in such Regulation S Temporary Global Note are owned by persons who are not U.S. persons (as defined in Regulation S).]

*[Add the following for Regulation S Permanent Global Notes:*

Interests in this Class B Note may be exchanged for an interest in the corresponding Rule 144A Global Note, subject to the restrictions specified in the Indenture.]

In addition, each Person who has or who acquires any Ownership Interest in a Class B Note shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the provisions of Section 12.18 of the Indenture. Prior to the date that is one year and one day after the payment in full of all amounts payable with respect to the Class B Notes, each Person who has or acquires an Ownership Interest in a Class B Note agrees that such Person will not institute against the Issuer, or join any other Person in instituting against the Issuer, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings under the laws of the United States or any State of the United States. This covenant shall survive the termination of the Indenture.

Before the due presentment for registration of transfer of this Class B Note, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the person in whose name this Class B Note is registered (i) on any Record Date for purposes of making payments, and (ii) on any other date for any other purpose, as the owner hereof, whether or not this Class B Note be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits the amendment thereof for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Noteholders under the Indenture at any time by the Issuer and the Indenture Trustee (and, in some cases, only with the consent of the Noteholder affected thereby) and compliance with certain other conditions. Any such consent by the Holder, at the time of the giving thereof, of this Class B Note (or any one or more Predecessor Notes) shall be conclusive and binding upon such Holder and upon all future Holders of this Class B Note and of any Class B Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Class B Note.

The Class B Notes and all obligations with respect thereto, including obligations under the Indenture, will be limited recourse obligations of the Issuer payable solely from the Trust Estate.

Neither the Issuer, the Depositor, the Manager, the Transition Manager, the Custodian, the Note Registrar, the Indenture Trustee in its individual capacity or in its capacity as Indenture Trustee, nor any of their respective Affiliates, agents, partners, beneficiaries, officers, directors, stockholders, stockholders of partners, employees or successors or assigns, shall be personally liable for any amounts payable, or performance due, under the Notes or the Indenture. Without limiting the foregoing, each Noteholder and each Note Owner of any Class B Note by its acceptance thereof, and the Indenture Trustee, shall be deemed to have agreed (i) that it shall look only to the Trust Estate to satisfy the Issuer's obligations under or with respect to a Class B Note or the Indenture, including but not limited to liabilities under Article V of the Indenture and liabilities arising (whether at common law or equity) from breaches by the Issuer of any obligations, covenants and agreements herein or, to the extent enforceable, for any violation by the Issuer of applicable State or federal law or regulation, provided that, the Issuer shall not be relieved of liability hereunder with respect to any misrepresentation in the Indenture or any Transaction Document, or fraud, of the Issuer, and (ii) to waive any rights it may have to obtain a deficiency or other monetary judgment against either the Issuer or any of its principals, directors, officers, beneficial owners, employees or agents (whether disclosed or undisclosed) or their respective assets (other than the Trust Estate). The foregoing provisions of this paragraph shall not (i) prevent recourse to the Trust Estate or any Person (other than the Issuer) for the sums due or to become due under any security, instrument or agreement which is part of the Trust Estate, (ii) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Class B Notes or secured by the Indenture, but the same shall continue until paid or discharged, or (iii) prevent the Indenture Trustee from exercising its rights with respect to the Grant, pursuant to the Indenture, of the Issuer's rights under the Transaction Documents. It is further understood that the foregoing provisions of this paragraph shall not limit the right of any Person to name the Indenture Trustee in its capacity as Indenture Trustee under the Indenture or the Issuer as a party defendant in any action or suit or in the exercise of any remedy under the Notes or the Indenture, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced. It is expressly understood that all such liability is hereby expressly waived and released to the extent provided herein as a condition of, and as a consideration for, the execution of the Indenture and the issuance of the Notes.

The remedies of the Holder of this Class B Note as provided herein, in the Indenture or in the other Transaction Documents, shall be cumulative and concurrent and may be pursued solely against the assets of the Trust Estate. No failure on the part of the Noteholder in exercising any right or remedy hereunder shall operate as a waiver or release thereof, nor shall any single or partial exercise of any such right or remedy preclude any other further exercise thereof or the exercise of any other right or remedy hereunder.

THE CLASS B NOTES ARE ISSUABLE ONLY IN REGISTERED FORM IN DENOMINATIONS AS PROVIDED IN THE INDENTURE AND SUBJECT TO CERTAIN LIMITATIONS THEREIN SET FORTH. AT THE OPTION OF THE CLASS B NOTEHOLDER, CLASS B NOTES MAY BE EXCHANGED FOR CLASS B NOTES OF LIKE TERMS, IN ANY AUTHORIZED DENOMINATIONS AND OF LIKE AGGREGATE PRINCIPAL AMOUNT, UPON SURRENDER OF THE NOTES TO BE EXCHANGED AT THE CORPORATE TRUST OFFICE OF THE INDENTURE TRUSTEE, SUBJECT TO THE TERMS AND CONDITIONS OF THE INDENTURE.

Reference is hereby made to the Indenture, a copy of which is on file with the Indenture Trustee, for the provisions, among others, with respect to (i) the nature and extent of the rights,

duties and obligations of the Indenture Trustee, the Issuer and the Class B Noteholders; (ii) the terms upon which the Class B Notes are executed and delivered; (iii) the collection and disposition of payments or proceeds in respect of the Conveyed Property; (iv) a description of the Trust Estate; (v) the modification or amendment of the Indenture; (vi) other matters; and (vii) the definition of capitalized terms used in this Class B Note that are not defined herein; to all of which the Class B Noteholders and Note Owners assent by the acceptance of the Class B Notes.

THIS CLASS B NOTE IS ISSUED PURSUANT TO THE INDENTURE AND IT AND THE INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS (INCLUDING, WITHOUT LIMITATION, §5-1401 AND §5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT OTHERWISE WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS).

REFERENCE IS HEREBY MADE TO THE PROVISIONS OF THE INDENTURE AND SUCH PROVISIONS ARE HEREBY INCORPORATED BY REFERENCE AS IF FULLY SET FORTH HEREIN.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee by manual signature, this Class B Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed as of the date set forth below.

VIVINT SOLAR FINANCING IV, LLC, as Issuer

By

Name: Thomas Plagemann  
Title: Chief Commercial Officer

A-2-9

---

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Class B Notes referred to in the within-mentioned Indenture.

Dated:

WELLS FARGO BANK NATIONAL ASSOCIATION , as  
Indenture Trustee

By

Name:  
Title:

A-2-10

---

[Form of ASSIGNMENT ]

FOR VALUE RECEIVED , the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR  
TAXPAYER IDENTIFICATION NUMBER  
OF ASSIGNEE)

\_\_\_\_\_

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

\_\_\_\_\_  
the within Note, and all rights thereunder, and hereby does irrevocably constitute and appoint

\_\_\_\_\_  
Attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever. The signature should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Indenture Trustee.

EXHIBIT B-1

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER FROM RULE 144A GLOBAL NOTE TO REGULATION S GLOBAL NOTE

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479

Attn: Corporate Trust Services – Asset Backed Administration

Re: Vivint Solar Financing IV, LLC

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 11, 2018 (the "*Indenture*"), by and among Vivint Solar Financing IV, LLC (the "*Issuer*") and Wells Fargo Bank, National Association, as indenture trustee (in such capacity, the "*Indenture Trustee*"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ][ ] aggregate Outstanding Note Balance of Class [A][B] Notes (the "*Notes*") which in the form of the Rule 144A Global Note (CUSIP No. [ ]) in the name of [insert name of transferor] (the "*Transferor*"). The Transferor has requested a transfer of such beneficial interest for an interest in the Regulation S Global Note (CUSIP No. [ ]) to be held with [Euroclear] [Clearstream]\* (Common Code No. [ ]) through the Securities Depository.

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and [(i) with respect to transfers made]\*\* pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended (the "*Securities Act*"), and accordingly the Transferor does hereby certify that:

(1) the offer of the Notes was not made to a person in the United States,

(2) [at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States] [the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States], \*\*\*

\* Select appropriate depository.

\*\* To be included only after the 40-day distribution compliance period.

\*\*\* Insert one of these two provisions, which come from the definition of "offshore transaction" in Regulation S.

- (3) [the transferee is not a U.S. Person within the meaning of Rule 902(k) of Regulation S nor a Person acting for the account or benefit of a U.S. Person.]\*\*\*\*
- (4) no directed selling efforts have been made in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable,
- (5) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and
- (6) upon completion of the transaction, the beneficial interest being transferred as described above will be held with the Securities Depository through [Euroclear] [Clearstream]. \*\*\*\*\*

[or (ii) with respect to transfers made in reliance on Rule 144 under the Securities Act, the Transferor does hereby certify that the Notes being transferred are eligible for resale by the Transferor pursuant to Rule 144(b)(1) under the Securities Act.]\*\*\*\*\*

\*\*\*\* To be included only during the 40-day distribution compliance period.

\*\*\*\*\* Appropriate depository required for transfers prior to the end of the 40-day distribution compliance period.

\*\*\*\*\* To be included only after the 40-day distribution compliance period.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee and the Manager.

[Insert Name of Transferor]

By: \_\_\_\_\_  
Name:  
Title:  
Dated:

EXHIBIT B-2

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER  
FROM REGULATION S GLOBAL NOTE  
TO RULE 144A GLOBAL NOTE

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Re: Vivint Solar Financing IV, LLC

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 11, 2018 (the "*Indenture*"), by and among Vivint Solar Financing IV, LLC (the "*Issuer*") and Wells Fargo Bank, National Association, as indenture trustee (in such capacity, the "*Indenture Trustee*"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ] aggregate Outstanding Note Balance of Class [A][B] Notes (the "*Notes*") which are held in the form of the Regulation S Global Note (CUSIP No. [ ]) with [Euroclear] [Clearstream]\* (Common Code No. [ ]) through the Securities Depository in the name of [insert name of transferor] (the "*Transferor*"). The Transferor has requested a transfer of such beneficial interest in the Notes for an interest in the Regulation 144A Global Note (CUSIP No. [ ]).

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture, and (ii) (A) Rule 144A under the Securities Act to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a "qualified institutional buyer" ("*QIB*") within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction or (B) to a QIB pursuant to another applicable exemption from the registration requirements under the Securities Act; provided that an Opinion of Counsel confirming the applicability of the exemption claimed shall have been delivered to the Issuer and the Indenture Trustee in a form reasonably acceptable to them.

\* Select appropriate depository.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee and the Manager.

[Insert Name of Transferor]

By: \_\_\_\_\_

Name:

Title:

Dated:

EXHIBIT B-3

FORM OF TRANSFER CERTIFICATE FOR TRANSFER  
FROM DEFINITIVE NOTE  
TO DEFINITIVE NOTE

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Re: Vivint Solar Financing IV, LLC

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 11, 2018 (the "*Indenture*"), by and among Vivint Solar Financing IV, LLC (the "*Issuer*") and Wells Fargo Bank, National Association, as indenture trustee (in such capacity, the "*Indenture Trustee*"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ][ ] aggregate Outstanding Note Balance of Class [A][B] Notes (the "*Notes*") which are held as Definitive Notes (CUSIP No. [ ]) in the name of [insert name of transferor] (the "*Transferor*"). The Transferor has requested a transfer of such beneficial interest in the Notes to [insert name of transferee] (the "*Transferee*").

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture, and (ii) Rule 144A under the Securities Act to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a "qualified institutional buyer" ("*QIB*") within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, or (iii) pursuant to another applicable exemption from the registration requirements under the Securities Act; provided that an Opinion of Counsel confirming the applicability of the exemption claimed shall have been delivered to the Issuer and the Indenture Trustee in a form reasonably acceptable to them.

[If transfer is pursuant to Regulation S, add the following:

The Transferor hereby certifies that:

- (1) the offer of the Notes was not made to a person in the United States,
- (2) [at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States] [the transaction was executed in, on or through the facilities of a

designated offshore securities market and neither the transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States] \*,

- (3) the transferee is not a U.S. Person within the meaning of Rule 902(k) of Regulation S nor a Person acting for the account or benefit of a U.S. Person,
- (4) no directed selling efforts have been made in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable,
- (5) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.]

[signature page follows]

---

\* Insert one of these two provisions.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee and the Manager.

[Insert Name of Transferor]

By: \_\_\_\_\_  
Name:  
Title:  
Dated:

EXHIBIT C

VIVINT SOLAR FINANCING IV, LLC

NOTICE OF VOLUNTARY PREPAYMENT

[DATE]

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attn: [●]

Ladies and Gentlemen:

Pursuant to Section 6.01 of the Indenture dated as of June 11, 2018 (the "*Indenture*"), between Vivint Solar Financing IV, LLC (the "*Issuer*") and Wells Fargo Bank, National Association (the "*Indenture Trustee*"), the Indenture Trustee is hereby directed to prepay in [whole][part] the Issuer's Solar Asset Backed Notes, Series 2018-2 on [\_\_\_\_\_, 20\_\_] (the "*Voluntary Prepayment Date*").

On or prior to the Voluntary Prepayment Date, the Issuer shall deposit into the Collection Account (i) the outstanding principal of the Notes to be prepaid, (ii) all accrued and unpaid interest thereon (including any Class B Deferred Interest), and (iii) all amounts owed to the Indenture Trustee, the Manager, the Transition Manager and the Custodian (the "*Prepayment Amount*").

On the Voluntary Prepayment Date, *provided* that the Indenture Trustee has received the Prepayment Amount, in the case of any Voluntary Prepayment in whole, no later than 11:00 a.m. Eastern time on such *Voluntary* Prepayment Date, or in the case of any Voluntary Prepayment in part, no later than 12:00 p.m. Eastern time on the Business Day prior to such specified Voluntary Prepayment Date, the Indenture Trustee is directed to (x) withdraw the Prepayment Amount from the Collection Account and disburse such amounts in accordance with the Priority of Payments and (y) to the extent the Outstanding Note Balance is prepaid, release any remaining assets in the Trust Estate to, or at the direction of, the Issuer.

You are hereby *instructed* to provide all notices of prepayment required by Section 6.02 of the Indenture. All terms used but not defined herein have the meanings assigned to such terms in the Indenture.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Notice of Voluntary Prepayment on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

VIVINT SOLAR FINANCING IV, LLC, as Issuer

By

Name:  
Title:

EXHIBIT D

DEFINITIVE CERTIFICATION

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Vivint Solar Financing IV, LLC  
c/o Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Thomas Plagemann

Ladies and Gentlemen:

This certification (this “*Certification*”) is delivered by the undersigned (the “*Purchaser*”) in connection with its purchase of a Vivint Solar Financing IV, LLC Solar Asset Backed Note, Series 2018-2, Class [A][B] (the “*Class [A][B] Notes*”). The Class [A][B] Notes were issued pursuant to the Indenture dated as of June 11, 2018 (the “*Indenture*”) by and between Vivint Solar Financing IV, LLC, as issuer (the “*Issuer*”) and Wells Fargo Bank, National Association, as indenture trustee (the “*Indenture Trustee*”). Capitalized terms used herein without definition shall have the meanings set forth in the Indenture.

The Purchaser hereby acknowledges, confirms, represents, warrants and agrees as follows:

1. It (A)(i) is a qualified institutional buyer, (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring the Class [A][B] Notes or interests therein for its own account or for the account of a qualified institutional buyer or (B) is not a U.S. Person and is purchasing the Class [A][B] Notes or interests therein in an offshore transaction pursuant to Regulation S.
2. It understands that the Class [A][B] Notes and interests therein are being offered in a transaction not involving any public offering in the U.S. within the meaning of the Securities Act, that the Class [A][B] Notes have not been and will not be registered under the Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Class [A][B] Notes or any interests therein, such Class [A][B] Notes (or the interests therein) may be offered, resold, pledged or otherwise transferred in minimum denominations of [\$15,000,000][\$750,000] and in integral multiples of \$1,000 in excess thereof.
3. It understands that the Class [A][B] Notes will, until the Class [A][B] Notes may be resold pursuant to Rule 144(b)(1) of the Securities Act, unless otherwise agreed by the Issuer and the holder thereof, bear a legend substantially to the following effect:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), AND NEITHER THIS NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE AND ANY INTEREST HEREIN MAY BE OFFERED,

RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF [\$15,000,000][\\$ 750,000] AND IN INTEGRAL MULTIPLES OF \$1,000 IN EXCESS THEREOF.

4. It understands that any Class [A][B] Note offered in reliance on Regulation S will, during the 40-day period commencing on the day after the later of the commencement of the offering and the date of original issuance of the Class [A][B] Notes, bear a legend substantially to the following effect:

THIS NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A PERMANENT REGULATION S GLOBAL NOTE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE U.S. OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Following the 40-day period, interests in a Temporary Regulation S Global Note will be exchanged for interests in a Permanent Regulation S Global Note.

5. By its purchase of a Class [A][B] Note or interest therein shall be deemed to have represented and warranted that at the time of its purchase and throughout the period that it holds such Class [A][B] Note or interest therein, that (1) it is not and will not be a Benefit Plan Investor (2) it will not be purchasing the Class [A][B] Note with the assets of a Government Plan or church plan and (3) it will not sell or otherwise transfer the Class [A][B] Note or interest therein to any person without first obtaining the same foregoing representations, warranties and covenants from that person.
6. It understands that the Issuer may receive a list of participants holding positions in the Class [A][B] Notes from the Securities Depository.
7. Either (a) it is not and will not become, for U.S. federal income tax (i) purposes, a partnership, Subchapter S corporation, or grantor trust (each such entity a "flow-through entity") or (b) if it is or becomes a flow-through entity, then (1) none of the direct or indirect beneficial owners of any of the interests in such flow-through entity has or ever will have 50% or more of the value of its interest in such flow-through entity attributable to the beneficial interest of such flow-through entity in the Class [A][B] Notes, other interest (direct or indirect) in the Issuer, or any interest created under the Indenture and (2) it is not and will not be a principal purpose of the arrangement involving the flow-through entity's beneficial interest in any Class [A][B] Note to permit any entity to satisfy the 100-partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity not to be classified as a publicly traded partnership for U.S. federal income tax purposes.
8. It will not (a) acquire, sell, transfer, assign, pledge or otherwise dispose of any of its interests in a Class [A][B] Note (or any interest therein that is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations) on or through (x) a U.S. national, regional or local securities exchange, (y) a foreign securities exchange or (z) an inter-dealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) ((x), (y) and (z), collectively, an "Exchange") or (b) cause any of its interests in the Class [A][B] Note to be marketed on or through an Exchange.
9. It will not cause any beneficial interest in a Class [A][B] Note to be traded or otherwise marketed on or through an "established securities market" or a "secondary market (or the substantial equivalent thereof)," each within the meaning of Section 7704(b) of the Code and the Treasury

Regulations promulgated thereunder, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations .

10. Its beneficial interest in the Class [A][B] Note is not and will not be in an amount that is less than the Minimum Denomination for the Class [A][B] Notes set forth in the Indenture, and it does not and will not hold any beneficial interest in the Class [A][B] Note on behalf of any person whose beneficial interest in the Class [A][B] Note is in an amount that is less than the Minimum Denomination for the Class [A][B] Notes set forth in the Indenture. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the Class [A][B] Note or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Class [A][B] Note, in each case, if the effect of doing so would be that the beneficial interest of any person in a Class [A][B] Note would be in an amount that is less than the Minimum Denomination for the Class [A][B] Notes set forth in the Indenture.
11. It will not transfer any beneficial interest in the Class [A][B] Note (directly, through a participation thereof, or otherwise) unless, prior to the transfer, the transferee of such beneficial interest shall have executed and delivered to the Issuer, the Indenture Trustee and the Note Registrar, and any of their respective successors or assigns, a transferee certification as required in the Indenture.
12. It will not enter into any financial instrument the payment on which, or the value of which, is determined in whole or in part by reference to an interest in the Class [A][B] Note (including the amount of payments on the Class [A][B] Note, the value of the Class [A][B] Note or any contract that otherwise is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations).
13. It will not use the Class [A][B] Note as collateral for the issuance of any securities that could cause the Issuer to become subject to taxation as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.
14. It will not take any action that could reasonably be expected to cause, and will not omit to take any action, which omission could reasonably be expected to cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.
15. It acknowledges that the Sponsor, the Originator, the Indenture Trustee, the Note Registrar, the Issuer and others will rely on the truth and accuracy of the foregoing representations, warranties and covenants and agrees that if it becomes aware that any of the foregoing are no longer accurate, it shall notify the Issuer.
16. It will treat the Class [A][B] Note as indebtedness for purposes of U.S. federal income tax and take positions that are consistent with such treatment on all U.S. federal and state income tax and information returns and reports required to be filed with respect to the Note.
17. It understands that the Issuer intends to accrue interest on the Notes under the rules provided in Treasury Regulation Section 1.1275-5, it acknowledges that the Issuer is providing no assurances as to whether interest should be accrued in such manner, and it agrees that it will rely on its own tax advisors regarding the proper method of accruing interest and the treatment of gains and losses on dispositions of the Notes

PURCHASER:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT E**  
**TAX CERTIFICATION**

Wells Fargo Bank, National Association  
600 S. 4th Street, MAC N9300-061  
Minneapolis, MN 55479  
Attn: Corporate Trust Services – Asset Backed Administration

Vivint Solar Financing IV, LLC  
c/o Vivint Solar, Inc.  
1800 Ashton Boulevard  
Lehi, Utah 84043  
Attention: Thomas Plagemann

Ladies and Gentlemen:

This certification (this “*Certification*”) is delivered by the undersigned (the “*Purchaser*”) in connection with its purchase of a beneficial interest in the Vivint Solar Financing IV, LLC Solar Asset Backed Notes, Series 2018-2, Class A (the “*Class A Notes*”) or Solar Asset Backed Notes, Series 2018-2, Class B (the “*Class B Notes*”), and together with the Class A Notes, the “*Notes*”). The Notes were issued pursuant to the Indenture dated as of June 11, 2018 (the “*Indenture*”) by and between Vivint Solar Financing IV, LLC, as issuer (the “*Issuer*”) and Wells Fargo Bank, National Association, as indenture trustee (the “*Indenture Trustee*”). Capitalized terms used herein without definition shall have the meanings set forth in the Indenture.

The Purchaser hereby acknowledges, confirms, represents, warrants and agrees as follows:

1. Either (a) it is not and will not become, for U.S. federal income tax purposes, a partnership, Subchapter S corporation, or grantor trust (each such entity a “flow-through entity”) or (b) if it is or becomes a flow-through entity, then (1) none of the direct or indirect beneficial owners of any of the interests in such flow-through entity has or ever will have 50% or more of the value of its interest in such flow-through entity attributable to the beneficial interest of such flow-through entity in the Notes, other interest (direct or indirect) in the Issuer, or any interest created under the Indenture and (2) it is not and will not be a principal purpose of the arrangement involving the flow-through entity’s beneficial interest in any Note to permit any entity to satisfy the 100-partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity not to be classified as a publicly traded partnership for U.S. federal income tax purposes.
2. It will not (a) acquire, sell, transfer, assign, pledge or otherwise dispose of any of its interests in a Note (or any interest therein that is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations) on or through (x) a U.S. national, regional or local securities exchange, (y) a foreign securities exchange or (z) an inter-dealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) ((x), (y) and (z), collectively, an “Exchange”) or (b) cause any of its interests in the Note to be marketed on or through an Exchange.
3. It will not cause any beneficial interest in a Note to be traded or otherwise marketed on or through an “established securities market” or a “secondary market (or the substantial equivalent thereof),” each within the meaning of Section 7704(b) of the Code and the Treasury Regulations promulgated thereunder, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations.

4. Its beneficial interest in the Class A Note or Class B Note, as applicable, is not and will not be in an amount that is less than the Minimum Denomination for such Note set forth in the Indenture, and it does not and will not hold any beneficial interest in the Class A Note or Class B Note, as applicable, on behalf of any person whose beneficial interest in the Class A Note or Class B Note, as applicable, is in an amount that is less than the Minimum Denomination for such Note set forth in the Indenture. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the Class A Note or Class B Note, as applicable, or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Class A Note or Class B Note, as applicable, in each case, if the effect of doing so would be that the beneficial interest of any person in a Class A Note or Class B Note, as applicable, would be in an amount that is less than the Minimum Denomination for such Note set forth in the Indenture.
5. It will not transfer any beneficial interest in the Note (directly, through a participation thereof, or otherwise) unless, prior to the transfer, the transferee of such beneficial interest shall have executed and delivered to the Issuer, the Indenture Trustee and the Note Registrar, and any of their respective successors or assigns, a transferee certification as required in Section 2.08(e) of the Indenture.
6. It will not enter into any financial instrument the payment on which, or the value of which, is determined in whole or in part by reference to an interest in the Note (including the amount of payments on the Note, the value of the Note or any contract that otherwise is described in Section 1.7704-1(a)(2)(i)(B) of the Treasury Regulations).
7. It will not use the Note as collateral for the issuance of any securities that could cause the Issuer to become subject to taxation as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.
8. It will not take any action that could reasonably be expected to cause, and will not omit to take any action, which omission could reasonably be expected to cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.
9. It acknowledges that the Sponsor, the Originator, the Indenture Trustee, the Note Registrar, the Issuer and others will rely on the truth and accuracy of the foregoing representations, warranties and covenants and agrees that if it becomes aware that any of the foregoing are no longer accurate, it shall notify the Issuer.
10. It will treat the Note as indebtedness for purposes of U.S. federal income tax and take positions that are consistent with such treatment on all U.S. federal and state income tax and information returns and reports required to be filed with respect to the Note.
11. It understands that the Issuer intends to accrue interest on the Notes under the rules provided in Treasury Regulation Section 1.1275-5, it acknowledges that the Issuer is providing no assurances as to whether interest should be accrued in such manner, and it agrees that it will rely on its own tax advisors regarding the proper method of accruing interest and the treatment of gains and losses on dispositions of the Notes.

PURCHASER:

By: \_\_\_\_\_

Name:

Title:

ANNEX A

STANDARD DEFINITIONS

[SEE ATTACHED]

ANNEX A

I, David Bywater, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vivint Solar, 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 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: August 7, 2018

/s/ David Bywater  
David Bywater  
Chief Executive Officer  
(Principal Executive Officer)

I, Dana Russell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vivint Solar, 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 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: August 7, 2018

/s/ Dana Russell  
Dana Russell  
Chief Financial Officer and Executive Vice President  
(Principal Financial Officer)

CERTIFICATION 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

I, David Bywater, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Vivint Solar, Inc. for the quarterly period ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Vivint Solar, Inc.

August 7, 2018

/s/ David Bywater  
\_\_\_\_\_  
David Bywater  
Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION 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

I, Dana Russell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Vivint Solar, Inc. for the quarterly period ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Vivint Solar, Inc.

August 7, 2018

/s/ Dana Russell  
\_\_\_\_\_  
Dana Russell  
Chief Financial Officer and Executive Vice President