UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

OR

☐ **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	**45-5605880**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
1800 West Ashton Blvd. Lehi, UT	**84043**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	VSLR	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 1, 2020, the registrant had 125,414,499 shares of common stock, $0.01 par value per share, outstanding.

Vivint Solar, Inc.

Quarterly Report on Form 10-Q

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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, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 336,137	$ 166,048
Accounts receivable, net	32,162	24,314
Inventories	13,144	20,576
Prepaid expenses and other current assets	27,818	41,137
Total current assets	409,261	252,075
Restricted cash and cash equivalents	86,809	89,892
Solar energy systems, net	1,873,031	1,759,861
Property and equipment, net	20,021	17,500
Other non-current assets, net	716,186	680,062
TOTAL ASSETS[1]	$ 3,105,308	$ 2,799,390
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Accounts payable	$ 27,178	$ 59,007
Distributions payable to non-controlling interests and redeemable non-controlling interests	15,458	10,253
Accrued compensation	25,435	34,149
Current portion of long-term debt	24,664	16,405
Current portion of deferred revenue	20,260	40,715
Current portion of finance lease obligation	2,534	2,274
Accrued and other current liabilities	85,847	78,539
Total current liabilities	201,376	241,342
Long-term debt, net of current portion	1,794,990	1,483,256
Deferred revenue, net of current portion	24,516	17,631
Finance lease obligation, net of current portion	6,029	6,443
Deferred tax liability, net	636,869	583,695
Other non-current liabilities	139,449	74,423
Total liabilities[1]	2,803,229	2,406,790
Commitments and contingencies (Note 19)		
Redeemable non-controlling interests	114,989	115,384
Stockholders' equity:		
Common stock, $0.01 par value—1,000,000 shares authorized, 125,411 shares issued and outstanding as of June 30, 2020; 1,000,000 shares authorized, 123,056 shares issued and outstanding as of December 31, 2019	1,254	1,231
Additional paid-in capital	600,627	591,639
Accumulated other comprehensive loss	(41,589)	(20,436)
Accumulated deficit	(423,787)	(381,961)
Total stockholders' equity	136,505	190,473
Non-controlling interests	50,585	86,743
Total equity	187,090	277,216
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY	$ 3,105,308	$ 2,799,390

(1) The Company's assets as of June 30, 2020 and December 31, 2019 include $2,368.4 million and $2,194.3 million consisting of assets of variable interest entities ("VIEs") that can only be used to settle obligations of the VIEs. These assets include cash and cash equivalents of $56.9 million and $82.8 million as of June 30, 2020 and December 31, 2019; accounts receivable, net, of $23.9 million and $8.9 million as of June 30, 2020 and December 31, 2019; prepaid expenses and other current assets of $2.1 million and $1.7 million as of June 30, 2020 and December 31, 2019; restricted cash and cash equivalents of $10.1 million and $8.9 million as of June 30, 2020 and December 31, 2019; solar energy systems, net, of $1,683.8 million and $1,587.4 million as of June 30, 2020 and December 31, 2019; and other non-current assets, net of $591.6 million and $504.7 million as of June 30, 2020 and December 31, 2019. The Company's liabilities as of June 30, 2020 and December 31, 2019 include $297.6 million and $233.4 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 $15.5 million and $10.3 million as of June 30, 2020 and December 31, 2019; accrued and other current liabilities of $6.7 million and $6.4 million as of June 30, 2020 and December 31, 2019; long-term debt of $254.5 million and $201.6 million as of June 30, 2020 and December 31, 2019; deferred revenue of $20.7 million and $14.8 million as of June 30, 2020 and December 31, 2019; and other non-current liabilities of $0.3 million each period as of June 30, 2020 and December 31, 2019. For further information see Note 14—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,	
	2020	2019	2020	2019
Revenue:				
Customer agreements and incentives	$ 81,835	$ 63,355	$ 133,111	$ 102,958
Solar energy system and product sales	24,559	27,402	64,434	57,170
Total revenue	106,394	90,757	197,545	160,128
Cost of revenue:				
Cost of revenue—customer agreements and incentives	44,331	43,074	97,154	83,265
Cost of revenue—solar energy system and product sales	15,627	15,791	37,675	33,054
Total cost of revenue	59,958	58,865	134,829	116,319
Gross profit	46,436	31,892	62,716	43,809
Operating expenses:				
Sales and marketing	35,394	37,037	75,002	66,671
Research and development	286	524	842	993
General and administrative	36,860	31,205	64,886	54,254
Total operating expenses	72,540	68,766	140,730	121,918
Loss from operations	(26,104)	(36,874)	(78,014)	(78,109)
Interest expense, net	24,712	19,472	46,344	38,599
Other expense, net	1,145	1,365	29,503	2,750
Loss before income taxes	(51,961)	(57,711)	(153,861)	(119,458)
Income tax expense	32,406	29,950	55,820	57,437
Net loss	(84,367)	(87,661)	(209,681)	(176,895)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(83,126)	(59,094)	(168,180)	(122,086)
Net loss attributable to common stockholders	$ (1,241)	$ (28,567)	$ (41,501)	$ (54,809)
Net loss attributable per share to common stockholders:				
Basic and diluted	$ (0.01)	$ (0.24)	$ (0.33)	$ (0.45)
Weighted-average shares used in computing net loss attributable per share to common stockholders:				
Basic and diluted	124,844	120,869	124,383	120,589

See accompanying notes to condensed consolidated financial statements.

Vivint Solar, Inc.

Condensed Consolidated Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net loss attributable to common stockholders	$ (1,241)	$ (28,567)	$ (41,501)	$ (54,809)
Other comprehensive loss:				
Unrealized losses on cash flow hedging instruments (net of tax effect of $(983), $(2,675), $(8,384) and $(4,452))	(2,608)	(7,292)	(22,444)	(12,175)
Less: Interest expense on derivatives recognized into earnings (net of tax effect of $(241), $(64), $(484) and $(150))	(640)	(174)	(1,291)	(410)
Total other comprehensive loss	(1,968)	(7,118)	(21,153)	(11,765)
Comprehensive loss	$ (3,209)	$ (35,685)	$ (62,654)	$ (66,574)

See accompanying notes to condensed consolidated financial statements.

Vivint Solar, Inc.
Condensed Consolidated Statements of Redeemable Non-Controlling Interests and Equity
(In thousands)
(Unaudited)

Three Months Ended June 30, 2020	Redeemable Non-Controlling Interests	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance — March 31, 2020	$ 116,481	124,670	$ 1,247	$ 596,589	$ (39,621)	$ (422,546)	$ 135,669	$ 76,862	$ 212,531
Stock-based compensation expense	—	—	—	4,325	—	—	4,325	—	4,325
Issuance of common stock, net of tax withholdings	—	741	7	(287)	—	—	(280)	—	(280)
Contributions from non-controlling interests and redeemable non-controlling interests	10,036	—	—	—	—	—	—	66,042	66,042
Distributions to non-controlling interests and redeemable non-controlling interests	(2,691)	—	—	—	—	—	—	(18,030)	(18,030)
Total other comprehensive loss	—	—	—	—	(1,968)	—	(1,968)	—	(1,968)
Net loss	(8,837)	—	—	—	—	(1,241)	(1,241)	(74,289)	(75,530)
Balance — June 30, 2020	$ 114,989	125,411	$ 1,254	$ 600,627	$ (41,589)	$ (423,787)	$ 136,505	$ 50,585	$ 187,090

Six Months Ended June 30, 2020	Redeemable Non-Controlling Interests	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance — December 31, 2019	$ 115,384	123,056	$ 1,231	$ 591,639	$ (20,436)	$ (381,961)	$ 190,473	$ 86,743	$ 277,216
Cumulative-effect adjustment from adoption of new ASUs	—	—	—	—	—	(325)	(325)	—	(325)
Stock-based compensation expense	—	—	—	8,264	—	—	8,264	—	8,264
Issuance of common stock, net of tax withholdings	—	2,355	23	724	—	—	747	—	747
Contributions from non-controlling interests and redeemable non-controlling interests	25,739	—	—	—	—	—	—	136,088	136,088
Distributions to non-controlling interests and redeemable non-controlling interests	(3,687)	—	—	—	—	—	—	(26,513)	(26,513)
Total other comprehensive loss	—	—	—	—	(21,153)	—	(21,153)	—	(21,153)
Net loss	(22,447)	—	—	—	—	(41,501)	(41,501)	(145,733)	(187,234)
Balance — June 30, 2020	$ 114,989	125,411	$ 1,254	$ 600,627	$ (41,589)	$ (423,787)	$ 136,505	$ 50,585	$ 187,090

Three Months Ended June 30, 2019	Redeemable Non-Controlling Interests	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance — March 31, 2019	$ 118,667	120,612	$ 1,206	$ 577,961	$ (11,870)	$ (306,028)	$ 261,269	$ 88,140	$ 349,409
Stock-based compensation expense	—	—	—	4,156	—	—	4,156	—	4,156
Issuance of common stock, net	—	994	10	221	—	—	231	—	231
Contributions from non-controlling interests and redeemable non-controlling interests	8,193	—	—	—	—	—	—	67,077	67,077
Distributions to non-controlling interests and redeemable non-controlling interests	(2,676)	—	—	—	—	—	—	(10,992)	(10,992)
Total other comprehensive loss	—	—	—	—	(7,118)	—	(7,118)	—	(7,118)
Net loss	(5,284)	—	—	—	—	(28,567)	(28,567)	(53,810)	(82,377)
Balance — June 30, 2019	$ 118,900	121,606	$ 1,216	$ 582,338	$ (18,988)	$ (334,595)	$ 229,971	$ 90,415	$ 320,386

Six Months Ended June 30, 2019	Redeemable Non-Controlling Interests	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance — December 31, 2018	$ 119,572	120,114	$ 1,201	$ 574,248	$ (7,223)	$ (279,631)	$ 288,595	$ 73,617	$ 362,212
Cumulative-effect adjustment from adoption of new ASUs	—	—	—	—	—	(155)	(155)	—	(155)
Stock-based compensation expense	—	—	—	7,835	—	—	7,835	—	7,835
Issuance of common stock, net	—	1,492	15	255	—	—	270	—	270
Contributions from non-controlling interests and redeemable non-controlling interests	18,006	—	—	—	—	—	—	141,632	141,632
Distributions to non-controlling interests and redeemable non-controlling interests	(4,867)	—	—	—	—	—	—	(16,559)	(16,559)
Total other comprehensive loss	—	—	—	—	(11,765)	—	(11,765)	—	(11,765)
Net loss	(13,811)	—	—	—	—	(54,809)	(54,809)	(108,275)	(163,084)
Balance — June 30, 2019	$ 118,900	121,606	$ 1,216	$ 582,338	$ (18,988)	$ (334,595)	$ 229,971	$ 90,415	$ 320,386

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,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (209,681)	$ (176,895)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	47,745	39,317
Deferred income taxes	61,074	57,678
Stock-based compensation	8,264	7,835
Loss on solar energy systems and property and equipment	9,534	4,157
Noncash interest and other expense	3,625	3,302
Reduction in lease pass-through financing obligation	(2,123)	(2,032)
Losses on interest rate swaps	29,503	2,750
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,158)	(13,979)
Inventories	7,432	186
Prepaid expenses and other current assets	11,813	816
Other non-current assets, net	(94,263)	(64,632)
Accounts payable	713	516
Accrued compensation	(8,586)	(999)
Deferred revenue	(13,570)	717
Accrued and other liabilities	5,916	179
Net cash used in operating activities	(150,762)	(141,084)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the cost of solar energy systems	(135,247)	(124,400)
Payments for property and equipment	(2,926)	(994)
Proceeds from disposals of solar energy systems and property and equipment	1,357	1,128
Purchase of intangible assets	(527)	(115)
Net cash used in investing activities	(137,343)	(124,381)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from investment by non-controlling interests and redeemable non-controlling interests	161,827	159,638
Distributions paid to non-controlling interests and redeemable non-controlling interests	(24,995)	(18,051)
Proceeds from long-term debt	347,413	133,164
Payments on long-term debt	(19,703)	(20,913)
Payments for debt issuance and deferred offering costs	(9,604)	(2,962)
Proceeds from lease pass-through financing obligation	1,542	1,518
Principal payments on finance lease obligations	(2,116)	(577)
Proceeds from issuance of common stock, net of withholding taxes paid	747	270
Net cash provided by financing activities	455,111	252,087
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS	167,006	(13,378)
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS—Beginning of period	255,940	290,896
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS—End of period	$ 422,946	$ 277,518
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Costs of solar energy systems included in changes in accounts payable, accrued compensation and accrued and other liabilities	$ 25,931	$ 43,028
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 13,770	$ 8,665
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 2,025	$ 3,756

See accompanying notes to condensed consolidated financial statements.

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 historically has primarily used a direct-to-home sales model. The long-term customer contracts under PPAs and Solar Leases have typically been for 20 years, but beginning in the first quarter of 2020, 25-year contracts are also being offered. These contracts require the customer to make monthly payments to the Company.

On July 6, 2020, the Company, Sunrun Inc. ("Sunrun"), and Viking Merger Sub, Inc., a direct wholly owned subsidiary of Sunrun ("Merger Sub") entered into an Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), pursuant to which, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation of the Merger as a direct wholly owned subsidiary of Sunrun.

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 investment tax credits ("ITCs"), 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 ("SEC") 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 audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. 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, 2020 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2020 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 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 14—Investment Funds.

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, 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

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. The impact of COVID-19 has resulted in changes to the capital markets. The timing and type of funding the Company expects to obtain as part of its planned business processes has been disrupted in the recent past as a result of COVID-19 and may be disrupted in the future. Future funding may prove to be more expensive and less favorable than previously expected. 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' solar energy 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 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.

Performance Obligation—Solar Energy System and Product Sales

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 into service. The Company allocates a portion of the transaction price to the monitoring services by estimating the standalone selling price that the Company would charge for these services if offered separately from the sale of the solar energy system. As of June 30, 2020 and December 31, 2019, the Company had allocated deferred revenue of $5.6 million and $4.7 million to monitoring services that will be recognized over the term of the monitoring services.

Measurement of Credit Losses on Financial Instruments

The Company adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("Topic 326") on January 1, 2020. The objective of this update is to provide users of financial statements with more useful information by changing the incurred loss methodology for recognizing credit losses to a more forward-looking methodology that reflects expected credit losses. Under Topic 326, the Company's accounts receivable and certain contract assets are considered financial assets measured at an amortized cost basis and will be presented at the net amount expected to be collected using this updated methodology. Utilizing the Company's historical default rate and reviewing current economic conditions, the Company estimated the allowance for credit losses that would be required. The Company applied Topic 326 through a modified retrospective approach with a cumulative-effect adjustment of approximately $0.3 million to retained earnings as of January 1, 2020. The Company evaluates its allowance for credit losses at each reporting period and adjusts as necessary in accordance with principles of Topic 326.

Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* This update provides optional temporary expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or other rates affected by reference rate reform if certain criteria are met. This ASU is effective now through December 31, 2022. The Company has long-term debt facilities and hedging instruments that are linked to LIBOR and currently anticipates using certain of the optional expedients available under this ASU. The Company is still evaluating the impact of this update on its condensed consolidated financial statements and related disclosures.

3. Fair Value Measurements

The following tables set forth the fair value of the Company's financial assets and liabilities included on the condensed consolidated balance sheets measured on a recurring basis by level within the fair value hierarchy (in thousands):

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Interest rate swaps	$ —	$ 83,381	$ —	$ 83,381

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Interest rate swaps	$ —	$ 3,245	$ —	$ 3,245
Financial Liabilities				
Interest rate swaps	$ —	$ 28,070	$ —	$ 28,070

The interest rate swaps (Level 2) were valued using a discounted cash flow model that 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. Financial liabilities as of June 30, 2020 include interest rate swaps for the Warehouse Facility, which are not designated as hedges, and interest rate swaps for the Solar Asset Backed Notes, Series 2018-2, which are designated as hedges. Financial assets as of December 31, 2019 included interest rate swaps for the Warehouse Facility, which are not designated as hedges. Financial liabilities as of December 31, 2019 included interest rate swaps for the Solar Asset Backed Notes, Series 2018-2, which are designated as hedges. See Note 11—Debt Obligations for additional details about these debt instruments.

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

	June 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating-rate long-term debt	$ 907,992	$ 907,992	$ 894,907	$ 894,907
Fixed-rate long-term debt	944,533	1,006,405	629,908	702,895
Subtotal long-term debt	1,852,525	$ 1,914,397	1,524,815	$ 1,597,802
Unamortized debt issuance costs	(32,871)		(25,154)	
Total long-term debt	$ 1,819,654		$ 1,499,661	

The Company's outstanding balance of long-term debt is carried at cost net of unamortized debt issuance costs, where applicable. See Note 11—Debt Obligations. The Company estimated the fair values of its floating-rate debt facilities (Level 2) to approximate their carrying values because their interest rates are variable rates that approximate rates currently available to the Company. The Company's fixed-rate debt facilities (Level 2) were valued using quoted prices for the fixed rate debt facilities that are publicly traded, or quoted prices for corporate debt with similar terms for debt facilities that are not publicly traded.

4. Inventories

Inventories consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Solar energy systems held for sale	$ 12,422	$ 19,892
Photovoltaic installation products	722	684
Total inventories	$ 13,144	$ 20,576

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, 2020	December 31, 2019
System equipment costs	$ 2,045,127	$ 1,926,809
Less: Accumulated depreciation	(235,923)	(205,338)
	1,809,204	1,721,471
Solar energy system inventory	63,827	38,390
Solar energy systems, net	$ 1,873,031	$ 1,759,861

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 expense related to solar energy systems of $15.8 million and $13.8 million for the three months ended June 30, 2020 and 2019. The Company recorded depreciation expense related to solar energy systems of $30.6 million and $26.9 million for the six months ended June 30, 2020 and 2019.

6. Property and Equipment

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

	Estimated Useful Lives	June 30, 2020	December 31, 2019
Leasehold improvements	1-12 years	$ 12,327	$ 10,458
Vehicles acquired under finance leases	3-4 years	11,849	10,280
Furniture and computer and other equipment	3-5 years	5,894	5,021
		30,070	25,759
Less: Accumulated depreciation and amortization		(10,049)	(8,259)
Property and equipment, net		$ 20,021	$ 17,500

The Company recorded depreciation and amortization expense related to property and equipment of $1.2 million and $0.9 million for the three months ended June 30, 2020 and 2019. The Company recorded depreciation and amortization expense related to property and equipment of $2.4 million and $1.0 million for the six months ended June 30, 2020 and 2019.

7. Other Non-Current Assets

Other non-current assets consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Costs to obtain contracts	$ 708,846	$ 615,385
Accumulated amortization of costs to obtain contracts	(85,513)	(70,170)
Operating lease right-of-use assets	47,994	39,118
Sales incentives	10,073	10,008
Debt issuance costs	10,775	9,936
Prepaid insurance	8,086	6,541
Solar Lease straight-line asset	6,744	5,722
Advances receivable from sales professionals	4,855	6,395
Prepaid inventory	—	50,104
Other non-current assets	4,326	7,023
Total other non-current assets	$ 716,186	$ 680,062

The Company recorded amortization of costs to obtain contracts of $9.7 million and $7.4 million for the three months ended June 30, 2020 and 2019. The Company recorded amortization of costs to obtain contracts of $15.3 million and $11.3 million for the six months ended June 30, 2020 and 2019. Costs to obtain contracts are amortized over the initial terms of customer contracts, which are either 20 years or 25 years.

8. Intangible Assets

Net intangible assets are included in other non-current assets, net and consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Cost:		
Internal-use software	$ 3,123	$ 2,596
Developed technology	522	522
Trademarks/trade names	201	201
Total carrying value	3,846	3,319
Accumulated amortization:		
Internal-use software	(401)	(105)
Developed technology	(425)	(393)
Trademarks/trade names	(130)	(119)
Total accumulated amortization	(956)	(617)
Total intangible assets, net	$ 2,890	$ 2,702

The Company recorded $0.1 million and a de minimis amount of amortization expense for the three months ended June 30, 2020 and 2019, which is included within general and administrative expense on the condensed consolidated statements of operations. The Company recorded $0.3 million and $0.1 million of amortization expense for the six months ended June 30, 2020 and 2019.

9. Accrued Compensation

Accrued compensation consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Accrued payroll	$ 14,860	$ 18,633
Accrued commissions	10,575	15,516
Total accrued compensation	$ 25,435	$ 34,149

10. Accrued and Other Current Liabilities

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

	June 30, 2020	December 31, 2019
Accrued unused commitment fees and interest	$ 20,006	$ 16,995
Litigation Settlement	13,756	12,780
Accrued professional fees	11,459	5,546
Current portion of operating lease liabilities	8,921	8,436
Accrued workers' compensation	7,869	7,166
Current portion of lease pass-through financing obligation	4,840	5,147
Sales, use and property taxes payable	4,463	4,321
Workmanship accrual	4,246	4,217
External customer experience services	824	1,984
Accrued Inventory	672	4,667
Other accrued expenses	8,791	7,280
Total accrued and other current liabilities	$ 85,847	$ 78,539

11. Debt Obligations

Debt obligations consisted of the following as of June 30, 2020 (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(1)	$ 442,669	$ (45)	$ (8,039)	$ 2,445	$ 432,140	$ —	5.1%	October 2028
Solar asset backed notes, Series 2018-2(2)(3)	336,767	(5)	(5,472)	295	330,995	—	5.0	August 2023
2017 Term loan facility	176,474	(140)	(4,063)	5,746	166,525	—	6.0	January 2035
2018 Forward flow loan facility	124,133	(93)	(2,977)	3,661	117,402	—	4.7	November 2039
2019 Forward flow loan facility	136,226	(7)	(2,759)	318	133,142	13,774	4.7	(4)
HoldCo Financing Facility	200,000	(96)	(9,094)	2,181	188,629	100,000	8.0	May 2023
Credit agreement	1,256	(1)	(80)	18	1,157	—	6.5	February 2023
Revolving lines of credit(5)								
Warehouse facility	329,000	—	—	—	329,000	241,000	4.4	August 2023
Asset Financing Facility(6)	106,000	—	—	10,000	96,000	74,362	3.6	June 2023
Total debt	$ 1,852,525	$ (387)	$ (32,484)	$ 24,664	$ 1,794,990	$ 429,136		

Debt obligations consisted of the following as of December 31, 2019 (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(1)	$ 448,277	$ (69)	$ (8,414)	$ 3,639	$ 436,155	$ —	5.1%	October 2028
Solar asset backed notes, Series 2018-2(2)(3)	338,294	(5)	(6,133)	1,245	330,911	—	5.5	August 2023
2017 Term loan facility	180,365	(164)	(4,235)	7,882	168,084	—	6.0	January 2035
2018 Forward flow loan facility	124,800	(99)	(3,083)	3,622	117,996	—	4.7	November 2039
2019 Forward flow loan facility	82,813	—	(2,857)	—	79,956	67,187	4.7	(4)
Credit agreement	1,266	(2)	(93)	17	1,154	—	6.5	February 2023
Revolving lines of credit(5)								
Warehouse facility	250,000	—	—	—	250,000	75,000	4.3	August 2023
Asset Financing Facility(6)	99,000	—	—	—	99,000	81,362	5.2	June 2023
Total debt	$ 1,524,815	$ (339)	$ (24,815)	$ 16,405	$ 1,483,256	$ 223,549		

(1) The interest rate disclosed in the table above is a weighted-average rate. The Series 2018-1 Notes are composed of Class A and Class B Notes. Class A Notes accrue interest at 4.73%. Class B Notes accrue interest at 7.37%.

(2) The Series 2018-2 Notes are composed 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%.

(3) The interest rate of these notes is partially hedged to an effective interest rate of 6.0% for $322.1 million of the principal borrowings. See Note 13—Derivative Financial Instruments.

(4) The maturity date for this facility is 20 years from the end date of the borrowing availability period when all borrowings are aggregated into one term loan, which will be no later than November 20, 2020.

(5) Revolving lines of credit are not presented net of unamortized debt issuance costs.

(6) This 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 its 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, 2020.

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, 2020, the Company had $17.7 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 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 13—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 at the level of the subsidiary entity that entered into the 2018-2 Notes and certain liquidity requirements. As of June 30, 2020, the Company had $27.5 million in required reserves outstanding in collateral accounts with the administrative agent, which are included in restricted cash and cash equivalents.

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, 2020, the Company had $20.7 million in required reserves outstanding in collateral accounts with the administrative agent, which were included in restricted cash and cash equivalents.

2018 Forward Flow Loan Facility

In August 2018, a subsidiary that is indirectly owned by the Company together with investors, entered into a loan agreement (the "2018 Forward Flow Loan Facility") pursuant to which the Company borrowed an aggregate principal amount of $124.8 million. The Company was permitted to make multiple borrowings under the 2018 Forward Flow Loan Facility during the availability period. In November 2019, all outstanding loans under the 2018 Forward Flow Facility were aggregated into a single term loan with a maturity date of November 20, 2039. Interest on the aggregated term loan accrues at an annual fixed rate of 4.7%. The interest rate of the aggregated term loan is a blended rate based on weighted draws during the availability period. Upon the occurrence of certain events, the Company will be required to make prepayments of the loans, including payment of a make-whole amount in certain circumstances. As of June 30, 2020, the Company had $6.5 million in required reserves outstanding in collateral accounts with the administrative agent, which were included in restricted cash and cash equivalents.

2019 Forward Flow Loan Facility

In May 2019, a subsidiary that is indirectly owned by the Company together with investors, entered into a loan agreement (the "2019 Forward Flow Loan Facility") pursuant to which the Company may borrow up to an aggregate principal amount of $150.0 million. The Company may make multiple borrowings under the 2019 Forward Flow Loan Facility during the availability period, which will continue no later than November 20, 2020. After the availability period, all outstanding loans under the 2019 Forward Flow Loan Facility will be aggregated into a single term loan with a maturity date 20 years after the date of aggregation. On any anniversary of the date of aggregation occurring from and after the sixth such anniversary, upon notice to the lenders, the Company may borrow additional loans under the 2019 Forward Flow Loan Facility if the Company is projected to have sufficient net cash flow to service such additional debt. If any lender declines to fund such additional loans, the Company will have the right to prepay outstanding loans from such lender in an amount equal to 102.5% of such loans, plus accrued and unpaid interest, without any make-whole amount. Interest on each loan will accrue at an annual rate equal to the greater of (a) 4.70% and (b) the U.S. Treasury rate for the weighted-average life of such loan, plus an applicable margin equal to 2.35%. Scheduled principal payments are due on a quarterly basis, at the end of January, April, July and October of each year. Upon the occurrence of certain events, the Company will be required to make prepayments of the loans, including payment of a make-whole amount in certain circumstances. As of June 30, 2020, the Company had $3.6 million in required reserves outstanding in collateral accounts with the administrative agent, which were included in restricted cash and cash equivalents.

HoldCo Financing Facility

In May 2020, a wholly owned subsidiary of the Company entered into a loan agreement (the "HoldCo Financing Facility") under which the Company may incur up to an aggregate principal amount of $300.0 million in term borrowings. The Company drew down $200.0 million of the term borrowings in May 2020 and $100.0 million of delayed draw commitments are available to be drawn upon the satisfaction of certain customary conditions precedent. The HoldCo Financing Facility provides that loans under the facility are intended to be used for general corporate purposes of the Company and its subsidiaries. The HoldCo Financing Facility matures on May 26, 2023. The loans under the HoldCo Financing Facility shall accrue interest at a fixed interest rate equal to 8.0% per annum.

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%.

Warehouse Facility

In August 2019, a wholly owned subsidiary of the Company entered into a floating rate revolving warehouse facility (the "Warehouse Facility") pursuant to which it may borrow up to an aggregate principal amount of $325.0 million. In May 2020 the Warehouse Facility was amended to increase the revolving advance commitments by $245.0 million. As amended, the Warehouse Facility provides for an aggregate of $570.0 million in revolving advance commitments. Subsequent to the May 2020 amendments, during the period in which the Company may make borrowings under the Warehouse Facility, which is currently anticipated to continue until August 2022, interest on borrowings accrues at an annual rate equal to the applicable adjusted LIBOR rate plus 3.10%. Thereafter, interest will accrue at an annual rate equal to the applicable adjusted LIBOR rate plus 4.10%. In addition, the Company is required to maintain interest rate hedging arrangements such that not less than 90.0% of the aggregate expected amortization profile of all outstanding revolving advances is subject to a fixed interest rate or other interest rate protection. Initially, subject to the terms of the Warehouse Facility, only interest payments are due on a quarterly basis, through the availability period, and then certain principal and interest payments may be due. These payments will occur on the 15th of January, April, July and October of each year, subject to the occurrence of certain events, including a borrowing base deficiency and dispositions with respect to any of the collateral. Principal and interest payable under the Warehouse Facility mature in four years and optional prepayments, in whole or in part, are permitted under the Warehouse Facility no more than once per month, without premium or penalty apart from any customary LIBOR breakage provisions. As of June 30, 2020, the Company had $8.8 million in required reserves outstanding in collateral accounts with the administrative agent, which were included in restricted cash and cash equivalents.

Asset Financing Facility

In December 2019, a wholly owned subsidiary of the Company entered into a loan and security agreement (the "Asset Financing Facility"), under which the Company may incur up to an aggregate principal amount of $200.0 million in revolver borrowings. The Asset Financing Facility matures in June 2023. In addition to the outstanding borrowings as of June 30, 2020, the Company had established letters of credit under the Asset Financing Facility for up to $19.6 million related to insurance and retail contracts. Borrowings under the Asset Financing Facility may be designated as base rate loans or LIBOR loans, subject to certain terms and conditions. Base rate loans accrue interest at a rate per year equal to 2.25% plus the highest of (i) the federal funds rate plus 0.5%, (ii) Bank of America, N.A.'s published "prime rate," and (iii) LIBOR rate plus 1.0%, subject to a 0.0% floor. LIBOR loans accrue interest at a rate per annum equal to 3.25% plus the fluctuating rate of interest equal to LIBOR or a comparable successor rate approved by the administrative agent, subject to a 0.0% floor. In addition to customary covenants for this type of facility, the Company is subject to a financial covenant and is required to have unencumbered cash and cash equivalents at the end of each fiscal quarter of at least the greater of (i) $30.0 million and (ii) the amount of unencumbered liquidity to be maintained by the Company in accordance with any loan documents governing its recourse debt facilities. As of June 30, 2020, the Company was in compliance with such covenants. Additionally, as of June 30, 2020, the Company had $1.9 million in required reserves outstanding in collateral accounts with the administrative agent, which were included in restricted cash and cash equivalents.

12. Leases

The Company is the lessee in all of its lease arrangements. The Company did not enter into any leases with related parties during the presented periods. The Company makes significant assumptions and judgments when assessing contracts for lease components, determining lease classifications and calculating right-of-use asset and lease liability values. These assumptions and judgements may include the useful lives and fair values of the leased assets, the implicit rate underlying the Company's leases, the Company's incremental borrowing rate or the Company's intent to exercise or not exercise options available in lease contracts. Lease costs and other information consisted of the following (in thousands, except terms and rates):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Lease cost				
Finance lease cost:				
Amortization of right-of-use assets	$ 823	$ 366	$ 1,537	$ 660
Interest on lease liabilities	157	58	310	84
Operating lease cost	3,574	2,770	6,967	5,540
Short-term lease cost	355	579	719	1,301
Total lease cost	$ 4,909	$ 3,773	$ 9,533	$ 7,585
Other information				
Finance leases:				
Operating cash outflows	$ 157	$ 58	$ 310	$ 84
Financing cash outflows	$ 920	$ 306	$ 2,116	$ 577
Right-of-use assets obtained in exchange for lease liabilities	$ 361	$ 2,703	$ 2,025	$ 3,756
Weighted-average remaining lease term (in years)	3.2	3.6	3.2	3.6
Weighted-average discount rate	7.0%	7.7%	7.0%	7.7%
Operating leases:				
Operating cash outflows	$ 3,397	$ 2,809	$ 6,738	$ 5,635
Right-of-use assets obtained in exchange for lease liabilities	$ 1,540	$ 1,755	$ 13,770	$ 8,665
Weighted-average remaining lease term (in years)	8.7	9.4	8.7	9.4
Weighted-average discount rate	7.3%	8.0%	7.3%	8.0%

Finance Leases

The Company's finance leases relate to fleet vehicles. All of the Company's fleet vehicles are leased pursuant to master lease agreements for a period of three to four years. The master lease agreements allow for the Company to extend fleet vehicle leases on a month-to-month basis. For administrative convenience, the Company will often commit to extension periods of up to one year. As the extensions are not always utilized and are not contractually bound to a specific period of time, these extensions are not included in the initial right-of-use assets and lease liabilities. Instead, these extensions are treated as new leases. The master lease agreements stipulate minimum residual value guarantees that are not typically recognized as part of the Company's right-of use assets and lease liabilities as these residual value guarantees are not probable of being owed. The rates implicit in the Company's fleet vehicle finance leases are determinable, and the Company uses those rates to calculate the present value of its lease liabilities related to fleet vehicles.

Future minimum lease payments for the Company's finance leases as of June 30, 2020 were as follows (in thousands):

2020	$	1,518
2021		3,034
2022		2,908
2023		1,938
2024		122
Thereafter		—
Total minimum lease payments		9,520
Less: interest		957
Present value of finance lease obligations		8,563
Less: current portion		2,534
Long-term portion	$	6,029

Operating Leases

The Company has entered into lease agreements for offices, warehouses and related equipment located in states in which the Company conducts operations. The Company's operating lease agreements typically include options to extend the lease term and typically do not include purchase options. The Company includes lease extension options in the right-of-use asset and lease liability when the Company is reasonably certain it will exercise the options. The rates implicit in the Company's operating leases are not readily determinable. As such, the Company uses its incremental borrowing rate to calculate the present value of its operating lease liabilities. For all non-cancellable lease arrangements, there are no bargain renewal options, penalties for failure to renew, or any guarantee by the Company of the lessor's debt or a loan from the Company to the lessor related to the leased property.

Future minimum lease payments under non-cancellable operating leases as of June 30, 2020 were as follows (in thousands):

2020	$	6,699
2021		11,531
2022		8,982
2023		7,373
2024		6,850
Thereafter		39,375
Total minimum lease payments		80,810
Less: present value impact		22,208
Present value of operating lease obligations		58,602
Less: current portion		8,921
Long-term portion	$	49,681

13. Derivative Financial Instruments

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

	June 30, 2020	
	Fair Value	Balance Sheet Location
Derivatives designated as hedging instruments:		
Interest rate swaps	$ 57,123	Other non-current liabilities
Derivatives not designated as hedging instruments:		
Interest rate swaps	$ 26,258	Other non-current liabilities

	December 31, 2019	
	Fair Value	Balance Sheet Location
Derivatives designated as hedging instruments:		
Interest rate swaps	$ 28,070	Other non-current liabilities
Derivatives not designated as hedging instruments:		
Interest rate swaps	$ 3,245	Other non-current assets

The Company is exposed to interest rate risk relating to its outstanding debt facilities that have variable interest rates. In connection with the Warehouse Facility, the Company is required to maintain interest rate swaps such that not less than 90% of the aggregate expected amortization profile of all outstanding revolving advances is subject to a fixed interest rate. The Company is required to meet this threshold within five business days after the end of each quarterly period. As of June 30, 2020, the Company had entered into interest rate swaps with an aggregate notional amount of approximately $302.0 million. The Company did not designate these interest rate swaps as hedge instruments and accounts for any changes in fair value in other expense, net.

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, 2020, the notional amount of these interest rate swaps was $322.1 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 accumulated other comprehensive loss ("AOCI") expected to be reclassified to interest expense within the next 12 months is approximately $8.6 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 records derivatives at fair value. The 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,	
	2020	2019
Derivatives designated as cash flow hedges:		
Interest rate swaps	$ 3,591	$ 9,967

	Six Months Ended June 30,	
	2020	2019
Derivatives designated as cash flow hedges:		
Interest rate swaps	$ 30,828	$ 16,627

The 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,			
	2020		2019	
	Interest expense, net	Other expense, net	Interest expense, net	Other expense, net
Total amounts presented in the income statement line items	$ 24,712	$ 1,145	$ 19,472	$ 1,365
Derivatives designated as cash flow hedges:				
Interest rate swaps				
Losses reclassified from AOCI into income	$ 881	$ —	$ 238	$ —
Derivatives not designated as hedging instruments:				
Interest rate swaps				
Losses recognized in income	—	1,145	—	1,366
Total losses	$ 881	$ 1,145	$ 238	$ 1,366

	Six Months Ended June 30,			
	2020		2019	
	Interest expense, net	Other expense, net	Interest expense, net	Other expense, net
Total amounts presented in the income statement line items	$ 46,344	$ 29,503	$ 38,599	$ 2,750
Derivatives designated as cash flow hedges:				
Interest rate swaps				
Losses reclassified from AOCI into income	$ 1,775	$ —	$ 560	$ —
Derivatives not designated as hedging instruments:				
Interest rate swaps				
Losses recognized in income	—	29,503	—	2,750
Total losses	$ 1,775	$ 29,503	$ 560	$ 2,750

14. Investment Funds

The Company has formed investment funds for the purpose of funding the purchase of solar energy systems under long-term customer contracts. As of June 30, 2020 and December 31, 2019, 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, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 56,939	$ 82,764
Accounts receivable, net	23,890	8,922
Prepaid expenses and other current assets	2,103	1,676
Total current assets	82,932	93,362
Restricted cash and cash equivalents	10,092	8,890
Solar energy systems, net	1,683,849	1,587,354
Other non-current assets, net	591,560	504,668
Total assets	$ 2,368,433	$ 2,194,274
Liabilities		
Current liabilities:		
Distributions payable to non-controlling interests and redeemable non-controlling interests	$ 15,458	$ 10,253
Current portion of long-term debt	3,979	3,622
Current portion of deferred revenue	2,282	2,590
Accrued and other current liabilities	6,710	6,394
Total current liabilities	28,429	22,859
Long-term debt, net of current portion	250,544	197,952
Deferred revenue, net of current portion	18,396	12,242
Other non-current liabilities	260	301
Total liabilities	$ 297,629	$ 233,354

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, 2020 and December 31, 2019, the cumulative total of contributions into the VIEs by all investors was $2,111.5 million and $1,949.7 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 $42.9 million and $43.8 million as of June 30, 2020 and December 31, 2019.

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, 2020 and December 31, 2019, the Company had recorded financing liabilities of $4.3 million and $4.6 million related to this fund arrangement, which 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, 2020, 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 $10.0 million and $8.1 million as of June 30, 2020 and December 31, 2019.

From time to time, the Company incurs fees 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. No distributions were paid to reimburse fund investors during the three months ended June 30, 2020. Distributions paid to reimburse fund investors totaled $1.1 million during the six months ended June 30, 2020. As of June 30, 2020, the Company accrued an estimated $2.6 million in distributions to reimburse fund investors.

Certain tax equity funds and debt facilities require the Company to maintain an aggregate amount of $30.0 million of unencumbered cash and cash equivalents at the end of each month.

15. Redeemable Non-Controlling Interests and Equity

Common Stock

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

	June 30, 2020	December 31, 2019
Shares available for grant under equity incentive plans	16,280	13,060
Restricted stock units issued and outstanding	5,969	6,271
Stock options issued and outstanding	5,069	5,421
Long-term incentive plan	2,706	2,706
Total	30,024	27,458

Redeemable Non-Controlling Interests and Non-Controlling Interests

Eight 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 eight 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 eight investment funds are exercisable beginning on the date that specified conditions are met for each respective fund. The first of the Put Options are expected to become exercisable beginning in the second quarter of 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. The first of the Call Options are expected to become exercisable beginning in the third quarter of 2020.

16. 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, 2020, a total of 16.3 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 4.9 million shares became available to grant in January 2020 under the 2014 Plan.

Stock Options

Stock Option Activity

Stock option activity for the six months ended June 30, 2020 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, 2019	5,421	$ 4.21		$ 17,073
Granted	660	8.21		
Exercised	(978)	1.58		
Cancelled	(34)	6.36		
Outstanding—June 30, 2020	5,069	$ 5.23	8.2	$ 23,874
Options vested and exercisable—June 30, 2020	1,669	$ 3.86	7.0	$ 10,263

RSUs

RSU activity for the six months ended June 30, 2020 was as follows (awards in thousands):

	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2019	6,271	$ 4.85
Granted	1,370	8.18
Vested(1)	(1,419)	4.42
Forfeited	(253)	5.15
Outstanding at June 30, 2020	5,969	$ 5.71

(1) Vested RSUs include shares withheld on behalf of participants to satisfy tax withholding requirements.

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,	
	2020	2019	2020	2019
Cost of revenue	$ 459	$ 404	$ 827	$ 736
Sales and marketing	1,000	806	1,956	1,541
General and administrative	2,833	2,915	5,416	5,499
Research and development	33	31	65	59
Total stock-based compensation	$ 4,325	$ 4,156	$ 8,264	$ 7,835

Unrecognized stock-based compensation expense for RSUs and stock options as of June 30, 2020 was as follows (in thousands, except years):

	Unrecognized Stock-Based Compensation Expense	Weighted-Average Period of Recognition (in years)
RSUs	$ 22,609	1.8
Stock options	8,354	1.9
Total unrecognized stock-based compensation expense	$ 30,963	

17. Income Taxes

The income tax expense for the three months ended June 30, 2020 and 2019 was calculated on a discrete basis resulting in a consolidated quarterly effective income tax rate of (62.4)% and (51.9)%. For the six months ended June 30, 2020 and 2019 the Company's consolidated effective income tax rate was (36.3)% and (48.1)%. 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, 2020 and 2019 were primarily attributable to the tax gains recognized on the sale of solar energy systems to investment funds and non-controlling interests and redeemable non-controlling interests. Additionally, the consolidated effective income tax rate for the three and six months ended June 30, 2020 reflects the benefit from the net operating loss carryback provisions pursuant to the CARES Act.

The Company sells solar energy systems to its 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. The Company accounts for the income tax consequences of these intra-entity transfers, both current and deferred, as a component of income tax expense during the period in which the transfers occur. The Company recognizes income tax effects directly to continuing operations and AOCI pursuant to applicable intraperiod allocation rules. The Company's policy is to release income tax effects from AOCI using an item-by-item approach when the circumstances upon which they are premised cease to exist.

18. Related Party Transactions

The Company's condensed consolidated statements of operations included related party transactions of $0.3 million and $0.2 million within sales and marketing for the three months ended June 30, 2020 and 2019. The Company's condensed consolidated statements of operations included related party transactions of $0.6 million and $1.0 million within sales and marketing for the six months ended June 30, 2020 and 2019.

Vivint Services

The Company has a number of agreements with its sister company, Vivint Smart Home, Inc. ("Vivint"). The Company has 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 will continue to automatically renew unless written notice of termination is provided by one of the parties to the other. The Company and Vivint have also agreed to non-solicitation provisions under a recruiting services agreement that matches the term of the sales dealer agreement.

The Company made payments under agreements with Vivint of $1.1 million and $3.8 million for the three months ended June 30, 2020 and 2019. The Company made payments under these agreements of $2.8 million and $6.2 million for the six months ended June 30, 2020 and 2019. These amounts reflect the level of services provided by Vivint on behalf of the Company.

Under agreements with Vivint, the Company recorded payable balances to Vivint of $0.1 million and $2.2 million in accounts payable as of June 30, 2020 and December 31, 2019.

Advances Receivable—Related Party

Net amounts due from direct-sales professionals were $5.0 million and $6.6 million as of June 30, 2020 and December 31, 2019. The Company provided a reserve of $0.6 million and $0.4 million as of June 30, 2020 and December 31, 2019 related to advances to direct-sales professionals 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 $1.1 million and $1.4 million as of June 30, 2020 and December 31, 2019, included in distributions payable to non-controlling and redeemable non-controlling interests. See Note 14—Investment Funds.

19. Commitments and Contingencies

Letters of Credit

As of June 30, 2020, the Company had established letters of credit under the Asset Financing Facility for up to $19.6 million related to insurance and retail contracts.

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 14—Investment Funds.

Residual Commission Payments

The Company pays a portion of sales commissions to its sales professionals on a deferred basis. The amount deferred is based on the value of the system sold by the sales professional and payment is based on the sales professional remaining employed by the Company. As this amount is earned over time, it is not considered an incremental cost of obtaining the contract due to the requirement that the sales professional remain in the Company's service. As a result, the amount that is earned over time is expensed by the Company over the deferment period. In the second quarter of 2019, this plan was changed such that no new accounts were added to this deferred payment plan. As of June 30, 2020, 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 deferment period was $0.9 million.

Legal Proceedings and Regulatory Matters

In February 2018, two former employees, on behalf of themselves and other direct sellers, named the Company in a putative class and Private Attorneys General Act action in San Diego County Superior Court, California, alleging that the Company misclassified those employees and violated other wage and hour laws. The Company disputes the allegations and has retained counsel to defend it in the litigation. On October 7, 2019, the Company entered into a class action settlement agreement, pursuant to which the Company has agreed to pay $7.25 million to settle the claims in the lawsuit, which was accrued by the Company in general and administrative expense in 2019. The settlement is subject to court approval. On July 10, 2020, the court granted final approval of the settlement.

In March 2018, the New Mexico Attorney General's office filed an action against the Company and several of its officers in New Mexico State Court, 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. On July 14, 2020, the Company and the New Mexico Attorney General's office entered into a Memorandum of Understanding whereby they will enter into a mutually agreeable settlement document within 35 days to resolve and dismiss the action for a one-time payment of $1.95 million plus other non-monetary consideration, which pending the final settlement documentation, has been accrued in the Company's condensed consolidated balance sheet as of June 30, 2020.

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, has retained counsel and intends to vigorously defend itself in the litigation. In August 2019, the Company reached a settlement to resolve the class action on a nationwide basis for a payment of approximately $1.0 million (including plaintiff's attorneys' fees), which was accrued by the Company in general and administrative expense in 2019. On June 2, 2020, the court granted final approval of the settlement.

In October 2018, a former employee filed a representative action in Sacramento County Superior Court, California, pursuant to California's Private Attorneys General Act alleging that the Company violated California labor and employment laws by, among other things, failing to provide its employees with rest and meal breaks. The Company disputes the allegations in the complaint and has retained counsel to represent it in the litigation. The Company is unable to estimate a range of loss, if any, at this time. If an unfavorable outcome were to occur in the 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 October 2018, a former sales professional filed a representative action in Orange County Superior Court, California, pursuant to California's Private Attorneys General Act alleging that the Company violated California labor and employment laws by, among other things, failing to properly compensate its direct sellers and reimburse them for business expenses. The Company disputes the allegations in the complaint. In November 2019, the parties entered into an agreement pursuant to which the plaintiff agreed that the resolution of the February 2018 class action referenced above would resolve all of the claims in this action. On July 10, 2020, the court dismissed the case with prejudice.

In June 2019, a former sales professional filed a representative action in San Diego County Superior Court, California, pursuant to California's Private Attorneys General Act alleging that the Company violated California labor and employment laws by, among other things, failing to properly compensate its direct sellers and reimburse them for business expenses. The Company disputes the allegations in the complaint. The resolution of the February 2018 class action referenced above resolves the representative claims pursuant to California's Private Attorneys General Act.

In October 2019, two separate, purported stockholders filed separate putative class actions in the U.S. District Court for the Eastern District of New York purportedly on behalf of themselves and all others similarly situated. The lawsuits allege violations of federal securities laws and seek unspecified compensatory damages, attorneys' fees and costs. In March 2020, the court consolidated the two actions and appointed lead plaintiffs and lead counsel to represent the putative class. The court-appointed lead plaintiffs filed an amended and consolidated complaint in the action. The Company will respond to the amended and consolidated complaint, and it reserves all of its rights and objections with regard to jurisdictional challenges and venue as well as any other objections and motions related to the amended and consolidated complaint. The Company disputes the plaintiffs' allegations and has retained counsel to represent it in the litigation. The Company is unable to estimate a range of loss, if any, at this time. 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 December 2019, ten customers who signed residential power purchase agreements named the Company in a putative class action lawsuit in the U.S. District Court for the Northern District of California alleging that the agreements contain unlawful termination fee provisions. In March 2020, the court issued an order compelling eight of the plaintiffs to arbitrate their claims. The Company disputes the allegations in the complaint and has retained counsel to represent it in the litigation. The Company is unable to estimate a range of loss, if any, at this time. 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 December 2019, a former installer filed a representative action in San Diego Superior Court, California, asserting various wage and hour claims. The Company disputes the allegations in the complaint and has retained counsel to represent it in the litigation. The Company is unable to estimate a range of loss, if any, at this time. 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 January 2020, the Company entered into a settlement agreement called an Assurance of Discontinuance ("Settlement") with the New York Attorney General ("NYAG"). The Settlement requires that the Company adopt certain changes to its sales and marketing practices in New York and pay approximately $2.0 million to the State of New York in three payments. The Company accrued this amount in its financial statements as of December 31, 2019 and has paid $1.5 million. The Settlement required that the Company notify New York customers about the Settlement and their potential rights under it, including the potential rights to have the Company remove their system, leave their property in a watertight condition, cancel contracts, and refund amounts paid, and/or to repair property damage. The NYAG will be the final arbiter of any disputes as to the consumer's eligibility for relief. The Company has accrued another $2.0 million for this potential liability in general and administrative expenses for the period ending December 31, 2019, which represents the Company's current best estimate of potential loss. Future adjustments to the Company's current accrual, which currently cannot be estimated, could adversely impact the Company's operating results in the period(s) in which any such adjustments are made. Actual expenses may deviate materially from the Company's estimate.

In March 2020, a shareholder filed a derivative action against various officers and directors of the Company in the Delaware Chancery Court, alleging that they breached their duties of loyalty, care, and good faith. The Company is named as a nominal defendant. The defendants dispute the allegations in the complaint and have retained counsel to represent them in the litigation. The Company is unable to estimate a range of loss, if any, at this time. 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 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 currently 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.

20. Basic and Diluted Net Loss Per Share

The following table sets forth the computation of the Company's basic and diluted net loss attributable per share to common stockholders for the six months ended June 30, 2020 and 2019 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator:				
Net loss attributable to common stockholders	$ (1,241)	$ (28,567)	$ (41,501)	$ (54,809)
Denominator:				
Shares used in computing net loss attributable per share to common stockholders, basic and diluted	124,844	120,869	124,383	120,589
Net loss attributable per share to common stockholders:				
Basic and diluted	$ (0.01)	$ (0.24)	$ (0.33)	$ (0.45)

For all periods presented, the Company incurred net losses attributable to common stockholders. As such, the effect of the Company's outstanding stock options and restricted stock units were not included in the calculations of diluted net loss attributable per share to common stockholders as the effect would have been anti-dilutive. The weighted-average number of potentially dilutive securities that were not included in the diluted per share calculations because they would have been anti-dilutive was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Restricted stock units	5,692	7,040	5,810	6,850
Stock options	4,649	5,146	4,719	4,782
Total	10,341	12,186	10,529	11,632

21. Subsequent Events

On July 6, 2020, the Company, Sunrun, and Merger Sub entered into the Merger Agreement, pursuant to which, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation of the Merger as a direct wholly owned subsidiary of Sunrun.

If the Merger is completed, each share of the Company's common stock issued and outstanding immediately prior to the effective time of the Merger, except for certain specified shares, will be converted automatically into the right to receive 0.55 fully paid and nonassessable shares of Sunrun common stock and, if applicable, an amount in cash, without interest and less any applicable withholding taxes, rounded down to the nearest cent, in lieu of any fractional share interest in Sunrun common stock to which the holder otherwise would have been entitled.

The completion of the Merger is subject to customary conditions. The Company anticipates that the Merger will be completed in the fourth quarter of 2020. However, the Company cannot predict with certainty whether and when any of the required closing conditions will be satisfied or if other uncertainties may arise.

The Merger Agreement provides for certain termination rights for both parties. If the Merger Agreement is terminated due to the Company's or Sunrun's breach of certain representations, warranties, covenants or agreements under certain specified circumstances, the Company would be required to pay Sunrun a termination fee of $54.0 million or Sunrun would be required to pay the Company a termination fee of $107.0 million. The Merger Agreement also provides the Company the right to terminate it if Sunrun breaches certain obligations related to obtaining expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, in which case Sunrun instead would be required to pay the Company a termination fee of $45.0 million.

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, or the Exchange Act. 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:

- the proposed acquisition of us by Sunrun Inc., or Sunrun;
- the duration and severity of the COVID-19 pandemic;
- the success of our plans to mitigate the negative economic impacts of COVID-19;
- 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 rebates, tax credits and incentives, including changes to the rates of the U.S. federal investment tax credit, or ITC;
- 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 Smart Home, Inc., or Vivint, and The Blackstone Group L.P., our Sponsor;
- our ability to manage our supply chain;
- the cost of equipment and the residual value of solar panels after the expiration of our customer contracts;
- the course and outcome of litigation, regulatory investigations 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

Our business operations have experienced significant disruptions due to the unprecedented conditions surrounding COVID-19 in the United States, which has required us to modify our business practices. Since March 2020, we have been following the recommendations of state and local health authorities to minimize the exposure risk for team members and customers, including restricting access to our physical offices. Our direct-to-home sales professionals have had to quickly adapt to remote sales practices, though recently they have been able to resume direct-to-home sales activities in most markets. As a result of these conditions related to COVID-19, we experienced a lower level of solar energy system installations in the second quarter of 2020 compared to recent quarters, though recently we have seen solar energy system installations trending upward. The timing and extent to which solar energy installations will fluctuate depends on when and to what extent government restrictions related to COVID-19 are relaxed and how our business practices may change as a result of long-term shifts in consumer behavior resulting from the COVID-19 pandemic.

Management has devoted significant time and attention to assessing the potential impact of COVID-19 and related events on our operations and financial position and has developed operational and financial plans to address those matters. We have taken many actions, including, but not limited to, having employees work from home where possible, practicing social distancing in all aspects of our business, reducing our workforce, temporarily reducing compensation, temporarily closing warehouses and sales offices, and eliminating expenditures. As a result of these actions, we saw our expense structure decrease in the second quarter of 2020. Recently we have been able to bring back most of our furloughed workforce and reinstate compensation and have most recently seen our expense structure trending upward. The timing and extent to which our expense structure will fluctuate in the future depends on whether these or similar actions need to be re-implemented, when and to what extent government restrictions related to COVID-19 are relaxed or re-implemented, and how our business practices may change as a result of long-term shifts in consumer behavior resulting from the COVID-19 pandemic.

There is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic, and our ability to perform certain functions could be negatively impacted. While the potential impact and duration of the COVID-19 pandemic on the U.S. economy and our industry in particular are difficult to assess or predict, the pandemic has resulted in changes to the capital markets, which have negatively affected the timing and type of funding we expected to obtain as part of our planned business processes and which may reduce or delay our ability to access capital and negatively affect our liquidity and results of operations. In addition, the current recession or further financial market correction resulting from the spread of COVID-19 could adversely affect demand for our products, reduce or delay our ability to install our products, impact our supply chain, including the pricing, timing and availability of equipment, or cause a decrease in collections from our customers, among other negative impacts. These events could cause a material adverse effect on our financial position, liquidity, and results of operations. As a result of this uncertainty, it is difficult for us to provide forward-looking statements.

We offer distributed solar energy — electricity generated by a solar energy system installed at or near customers' locations — to residential customers. Historically, we have primarily offered our products through a customer-focused and neighborhood-driven direct-to-home sales model. During the COVID-19 pandemic we have been following the recommendations of state and local health authorities to minimize the exposure risk for team members and customers, which has required our direct-to-home sales force to quickly adapt to remote sales practices, though recently they have been able to resume direct-to-home sales activities in most markets. 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. We also offer PPAs that include battery storage systems. PPAs have a term of either 20 or 25 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 have a term of either 20 or 25 years and are typically subject to an annual price escalator of 2.9%, though some markets offer Solar Leases with no annual price escalator. 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, and in some markets, we offer to install a battery storage system along with the solar energy system. Customers who lease equipment 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 in connection with the installation of a solar energy system based on the market where they are located. We believe System Sales are advantageous to us as they provide immediate access to cash.

Of the 99.7 megawatts installed in the six months ended June 30, 2020, approximately 61% were installed under PPAs, 27% were installed under Solar Leases and 12% were installed under System Sales. We will continue to maximize the value of the solar energy systems we install as well as 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 primarily 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.

In general, 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, composed 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 to common stockholders from loss to income, or vice versa, from quarter to quarter.

Substantially all of our solar energy systems installed through the date of this report have been eligible for ITCs. Pursuant to statute, the ITC rate declined for construction purposes beginning in 2020. If such reductions continue as scheduled, our ability to obtain tax equity financing may be reduced or be available on less advantageous terms. Furthermore, ITCs have historically supported our ability to provide attractive pricing to customers. If the ITC is reduced as contemplated, demand for our solar energy systems and our operating results could be adversely affected if we are unable to offset the impact of such reductions.

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. We expect solar energy installations to be adversely affected by the COVID-19 related restrictions on our business and consumer behavior.
- *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. We expect megawatts installed to be adversely affected by the COVID-19 related restrictions on our business and consumer behavior.
- *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 gross retained value*. Estimated gross retained value represents the net cash flows discounted at 6% that we expect to receive from customers pursuant to PPAs and Solar Leases plus the value of contracted solar renewable energy certificates, or SRECs, net of estimated cash distributions to fund investors, debt associated with our forward flow facilities and estimated operating expenses for systems installed as of the measurement date.
- *Estimated gross retained value under energy contracts*. Estimated gross retained value under energy contracts represents the estimated retained value from the solar energy systems during the 20-year or 25-year term of our PPAs and Solar Leases plus the value of contracted SRECs.
- *Estimated gross retained value of renewal*. Estimated gross retained value of renewal represents the estimated retained value associated with an assumed 5-year or 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 gross retained value per watt*. Estimated gross 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,	
	2020	2019	2020	2019
Solar energy system installations	6,735	8,163	14,973	14,677
Megawatts installed	43.6	56.0	99.7	101.6

	June 30, 2020	December 31, 2019
Cumulative solar energy system installations	203,264	188,291
Cumulative megawatts installed	1,393.7	1,294.0
Estimated nominal contracted payments remaining (in millions)	$ 4,784.3	$ 4,434.0
Estimated gross retained value under energy contracts (in millions)	$ 1,810.5	$ 1,690.0
Estimated gross retained value of renewal (in millions)	$ 652.3	$ 600.7
Estimated gross retained value (in millions)	$ 2,462.8	$ 2,290.7
Estimated gross retained value per watt	$ 1.98	$ 1.98

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, customer agreements 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. In addition, COVID-19 has impacted our ability to sell and install solar energy systems. If government restrictions on our activities continue for an extended period of time, are reimposed after being lifted or if customer receptivity to our products and sales channels changes as a result of COVID-19, we may not experience the seasonal strength as in historical periods.

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, 2020, we adopted Accounting Standards Update 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, or Topic 326. The objective of this update is to provide users of financial statements with more useful information by changing the incurred loss methodology for recognizing credit losses to a more forward-looking methodology that reflects expected credit losses. Under Topic 326, our accounts receivable and certain contract assets are considered financial assets measured at an amortized cost basis and will be presented at the net amount expected to be collected using this updated methodology. Utilizing our historical default rate and reviewing current economic conditions, we estimated the allowance for credit losses that would be required. We applied Topic 326 through a modified retrospective approach with a cumulative-effect adjustment of approximately $0.3 million to retained earnings as of January 1, 2020. We evaluate our allowance for credit losses at each reporting period and adjust as necessary in accordance with principles of Topic 326.

There have been no other material changes to our critical accounting policies and estimates during the six months ended June 30, 2020 from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Recent Developments

On July 6, 2020, we entered into an Agreement and Plan of Merger, or Merger Agreement, with Sunrun, and Viking Merger Sub Inc., or Merger Sub, which contemplates the acquisition of our company by Sunrun. Pursuant to the Merger Agreement, Merger Sub will merge with and into Vivint Solar, or the Merger, with Vivint Solar continuing as the surviving corporation of the Merger as a direct wholly owned subsidiary of Sunrun.

If the Merger is completed, each share of our common stock issued and outstanding immediately prior to the effective time of the Merger, except for certain specified shares, will be converted automatically into the right to receive 0.55 fully paid and nonassessable shares of Sunrun common stock and, if applicable, an amount in cash, without interest and less any applicable withholding taxes, rounded down to the nearest cent, in lieu of any fractional share interest in Sunrun common stock to which the holder otherwise would have been entitled.

The completion of the Merger is subject to customary conditions. We anticipate that the Merger will be completed in the fourth quarter of 2020. However, we cannot predict with certainty whether and when any of the required closing conditions will be satisfied or if other uncertainties may arise.

The Merger Agreement provides for certain termination rights for both parties. If the Merger Agreement is terminated due to our or Sunrun's breach of certain representations, warranties, covenants or agreements under certain specified circumstances, we would be required to pay Sunrun a termination fee of $54.0 million or Sunrun would be required to pay us a termination fee of $107.0 million. The Merger Agreement also provides us the right to terminate it if Sunrun breaches certain obligations related to obtaining expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, in which case Sunrun instead would be required to pay us a termination fee of $45.0 million.

Components of Results of Operations

Revenue

Customer Agreements and Incentives. We recognize revenue for our PPAs based on the actual amount of power generated at rates specified under the contracts. We recognize revenue for our Solar Leases, which include performance guarantees, 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 includes revenue from System Sales. Revenue from 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 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,	
	2020	2019	2020	2019
Revenue:				
Customer agreements and other incentives	$ 69,394	$ 52,399	$ 108,177	$ 82,607
SREC sales	12,441	10,956	24,934	20,351
Total customer agreements and incentives	81,835	63,355	133,111	102,958
System Sales	24,360	26,759	63,352	56,058
Photovoltaic installation products	199	643	1,082	1,112
Total solar energy system and product sales	24,559	27,402	64,434	57,170
Total revenue	$ 106,394	$ 90,757	$ 197,545	$ 160,128

Operating Expenses

At the end of the first quarter of 2020, we took a number of cost reduction initiatives, including decreasing a significant portion of our workforce through furloughs and layoffs, salary reductions, and temporarily closing warehouses and sales offices. Recently we have been able to bring back most of our furloughed workforce and reinstate compensation. The timing and extent to which our expense structure will fluctuate in the future depends on the severity and duration of the COVID-19 pandemic and whether such actions need to be re-implemented. In addition, if we have to re-implement these actions, we may be unable to hire, or rehire, our workforce in a timely way as COVID-19 restrictions are loosened and if we are unable to meet the demand for our solar energy systems, our future operating results and prospects may be adversely affected.

Cost of Revenue—Customer Agreements and Incentives. Cost of revenue—customer agreements 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. 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 customer agreements and incentives also includes allocated facilities and information technology costs. The cost of revenue for the sales of SRECs is limited to broker fees that are paid in connection with certain SREC transactions.

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.

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 the amortization of capitalized incremental costs to obtain customer contracts. 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.

Research and Development. Research and development expense is composed 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.

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, structured finance and Merger related services; litigation settlements; travel; and allocated facilities and information technology costs.

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 finance lease obligations. In 2020, we expect our interest expense to increase in absolute dollars compared to 2019 as we have incurred additional indebtedness.

Other Expense, net. Other expense, net primarily consists of changes in fair value for our interest rate swaps not designated as hedges.

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 Loss Attributable to Common Stockholders

We determine the net loss attributable 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, 2020, 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,	
	2020	2019	2020	2019
	(In thousands)			
Revenue:				
Customer agreements and incentives	$ 81,835	$ 63,355	$ 133,111	$ 102,958
Solar energy system and product sales	24,559	27,402	64,434	57,170
Total revenue	106,394	90,757	197,545	160,128
Cost of revenue:				
Cost of revenue—customer agreements and incentives	44,331	43,074	97,154	83,265
Cost of revenue—solar energy system and product sales	15,627	15,791	37,675	33,054
Total cost of revenue	59,958	58,865	134,829	116,319
Gross profit	46,436	31,892	62,716	43,809
Operating expenses:				
Sales and marketing	35,394	37,037	75,002	66,671
Research and development	286	524	842	993
General and administrative	36,860	31,205	64,886	54,254
Total operating expenses	72,540	68,766	140,730	121,918
Loss from operations	(26,104)	(36,874)	(78,014)	(78,109)
Interest expense, net	24,712	19,472	46,344	38,599
Other expense, net	1,145	1,365	29,503	2,750
Loss before income taxes	(51,961)	(57,711)	(153,861)	(119,458)
Income tax expense	32,406	29,950	55,820	57,437
Net loss	(84,367)	(87,661)	(209,681)	(176,895)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(83,126)	(59,094)	(168,180)	(122,086)
Net loss attributable to common stockholders	$ (1,241)	$ (28,567)	$ (41,501)	$ (54,809)

Comparison of Three Months Ended June 30, 2020 and 2019

Revenue

	Three Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Revenue:			
Customer agreements and incentives	$ 81,835	$ 63,355	$ 18,480
Solar energy system and product sales	24,559	27,402	(2,843)
Total revenue	$ 106,394	$ 90,757	$ 15,637

Customer Agreements and Incentives. The $18.5 million increase was due primarily to a $16.6 million increase in customer agreements revenue as the total megawatts of solar energy systems in service under these long-term customer contracts increased 21% compared to the same period in 2019 and a $1.5 million increase in SREC revenue.

Solar Energy System and Product Sales. The $2.8 million decrease was primarily due to a decrease in solar energy systems placed in service under System Sales compared to the same period in 2019, primarily resulting from challenges associated with the COVID-19 pandemic.

Cost of Revenue

	Three Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Cost of revenue:			
Cost of revenue—customer agreements and incentives	$ 44,331	$ 43,074	$ 1,257
Cost of revenue—solar energy system and product sales	15,627	15,791	(164)
Total cost of revenue	$ 59,958	$ 58,865	$ 1,093

Cost of Revenue—Customer Agreements and Incentives. The $1.3 million increase was due in part to a $2.0 million increase in depreciation of solar energy system equipment costs due to the increase in the number of solar energy systems in service, $1.7 million of impairment charges for solar energy systems in the current period, and a $1.4 million increase in other non-capitalized operational costs such as insurance premiums and filing and incentive fees. These increases were partially offset by a $3.9 million decrease related to the post-installation maintenance organization as a result of actions taken to reduce expenses in the second quarter of 2020, such as furloughs and salary reductions, to respond to the COVID-19 pandemic.

Operating Expenses

	Three Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Operating expenses:			
Sales and marketing	$ 35,394	$ 37,037	$ (1,643)
Research and development	286	524	(238)
General and administrative	36,860	31,205	5,655
Total operating expenses	$ 72,540	$ 68,766	$ 3,774

Sales and Marketing. The $1.6 million decrease was due in part to a $5.2 million decrease in compensation and benefits, driven primarily by a reduction in headcount and other actions in response to the COVID-19 pandemic, and a $0.5 million decrease in professional services. These decreases were partially offset by a $4.8 million increase related to the incurrence of and amortization of costs to obtain contracts.

General and Administrative. The $5.7 million increase was primarily due to $6.7 million in charges related to the Merger and a $1.9 million increase in litigation expense. This increase was partially offset by a $2.4 million decrease in other professional fees and a $1.4 million decrease in compensation and benefits, primarily as a result of actions taken to reduce expenses in the second quarter of 2020, such as furloughs and salary reductions, to respond to the COVID-19 pandemic.

Non-Operating Expenses

	Three Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Interest expense, net	$ 24,712	$ 19,472	$ 5,240
Other expense, net	1,145	1,365	(220)

Interest Expense, net. Interest expense increased $5.2 million primarily due to additional borrowings year over year.

Income Taxes

	Three Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Income tax expense	$ 32,406	$ 29,950	$ 2,456

The $2.5 million increase in income tax expense was primarily attributable to $5.0 million associated with the net tax effect of non-controlling interests and redeemable non-controlling interests. This increase in income tax expense was partially offset by $1.3 million of reduced expense as a result of decreased tax gains recognized on the sale of solar energy systems to investment funds, $0.6 million of benefit from the net operating loss carryback provisions pursuant to the CARES Act, and a tax-effected $0.5 million increased loss before income taxes.

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

	Three Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Net loss attributable to non-controlling interests and redeemable non-controlling interests	$ (83,126)	$ (59,094)	$ (24,032)

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.

Comparison of Six Months Ended June 30, 2020 and 2019

Revenue

	Six Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Revenue:			
Customer agreements and incentives	$ 133,111	$ 102,958	$ 30,153
Solar energy system and product sales	64,434	57,170	7,264
Total revenue	$ 197,545	$ 160,128	$ 37,417

Customer Agreements and Incentives. The $30.2 million increase was due primarily to a $24.9 million increase in customer agreements revenue as the total megawatts of solar energy systems in service under these long-term customer contracts increased 21% compared to the same period in 2019 and a $4.6 million increase in SREC revenue.

Solar Energy System and Product Sales. The $7.3 million increase was primarily due to an increase in solar energy systems placed in service under System Sales compared to the same period in 2019, primarily resulting from the high level of installations that occurred in the fourth quarter of 2019 that were placed in service in 2020 as customers took advantage of the 30% ITC before it was reduced to 26% in 2020.

Cost of Revenue

	Six Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Cost of revenue:			
Cost of revenue—customer agreements and incentives	$ 97,154	$ 83,265	$ 13,889
Cost of revenue—solar energy system and product sales	37,675	33,054	4,621
Total cost of revenue	$ 134,829	$ 116,319	$ 18,510

Cost of Revenue—Customer Agreements and Incentives. The $13.9 million increase was due in part to a $3.7 million increase in depreciation of solar energy system equipment costs due to the increase in the number of solar energy systems in service, a $3.6 million increase in non-capitalized operational costs such as insurance premiums and filing and incentive fees, $2.9 million of impairment charges for solar energy systems in the current period, and a $2.1 million increase in costs related to system removals in the current period compared to the same period in 2019 due primarily to additional customer buyouts of solar energy systems.

Cost of Revenue—Solar Energy System and Product Sales. The $4.6 million increase reflects the increase in solar energy systems placed in service under System Sales compared to the same period in 2019, primarily resulting from the high level of installations that occurred in the fourth quarter of 2019 as customers took advantage of the 30% ITC before it was reduced to 26% in 2020.

Operating Expenses

	Six Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Operating expenses:			
Sales and marketing	$ 75,002	$ 66,671	$ 8,331
Research and development	842	993	(151)
General and administrative	64,886	54,254	10,632
Total operating expenses	$ 140,730	$ 121,918	$ 18,812

Sales and Marketing. The $8.3 million increase was primarily due to a $12.4 million increase related to the amortization and incurrence of costs to obtain contracts. This increase was partially offset by a $5.0 million decrease in compensation and benefits, driven primarily by a reduction in headcount and other actions in response to the COVID-19 pandemic.

General and Administrative. The $10.6 million increase was primarily due to $6.7 million in charges related to the Merger, a $1.9 million increase in litigation expense and a $1.2 million increase in non-cash accounting charges related to Topic 326 to adjust accounts receivable for a decline in general economic conditions during the current period resulting from the COVID-19 pandemic.

Non-Operating Expenses

	Six Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Interest expense, net	$ 46,344	$ 38,599	$ 7,745
Other expense, net	29,503	2,750	26,753

Interest Expense, net. Interest expense increased $7.7 million primarily due to additional borrowings year over year.

Other Expense, net. The $26.8 million increase in other expense was primarily due to changes in the fair value of our derivative financial instruments.

Income Taxes

	Six Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Income tax expense	$ 55,820	$ 57,437	$ (1,617)

The $1.6 million decrease in income tax expense was primarily attributable to $6.0 million of benefit from the net operating loss carryback provisions pursuant to the CARES Act, a tax-effected $4.6 million increased loss before income taxes, and a $2.0 million increased equity compensation windfall. These decreases in income tax expense were partially offset by $9.7 million associated with the net tax effect of non-controlling interests and redeemable non-controlling interests, and $1.4 million of additional expense as a result of increased tax gains recognized on the sale of solar energy systems to investment funds.

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

	Six Months Ended June 30,		$ Change
	2020	2019	2020 from 2019
	(In thousands)		
Net loss attributable to non-controlling interests and redeemable non-controlling interests	$ (168,180)	$ (122,086)	$ (46,094)

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.

Liquidity and Capital Resources

As of June 30, 2020, we had cash and cash equivalents of $336.1 million, which consisted principally of cash and time deposits with high-credit-quality financial institutions. As discussed in Note 11—Debt Obligations and Note 14—Investment Funds, we do not have full access to a portion of our cash and cash equivalents. 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. The impact of COVID-19 has resulted in changes to the capital markets. The timing and type of funding the Company expects to obtain as part of its planned business processes has been disrupted in the recent past as a result of COVID-19 and may be disrupted in the future. Future funding may prove to be more expensive and less favorable than previously expected. 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 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, 2020, we had raised 30 investment funds to which investors such as banks and other large financial investors have committed to invest approximately $2.5 billion. The undrawn committed capital for these funds as of July 31, 2020 is approximately $339 million, which we estimate will fund approximately 180 megawatts of future deployments.

Debt Instruments

Debt obligations consisted of the following as of June 30, 2020 (in thousands, except interest rates):

	Principal Borrowings Outstanding	Unused Borrowing Capacity	Interest Rate	Maturity Date
Solar asset backed notes, Series 2018-1[1]	$ 442,669	$ —	5.1%	October 2028
Solar asset backed notes, Series 2018-2[2][3]	336,767	—	5.0	August 2023
2017 Term loan facility	176,474	—	6.0	January 2035
2018 Forward flow loan facility	124,133	—	4.7	November 2039
2019 Forward flow loan facility	136,226	13,774	4.7	[4]
HoldCo Financing Facility	200,000	100,000	8.0	May 2023
Credit agreement	1,256	—	6.5	February 2023
Revolving lines of credit				
Warehouse facility	329,000	241,000	4.4	August 2023
Asset Financing Facility[5]	106,000	74,362	3.6	June 2023
Total debt	$ 1,852,525	$ 429,136		

(1) The interest rate disclosed in the table above is a weighted-average rate. The Series 2018-1 Notes are composed of Class A and Class B Notes. Class A Notes accrue interest at 4.73%. Class B Notes accrue interest at 7.37%.

(2) The Series 2018-2 Notes are composed 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%.

(3) The interest rate of these notes is partially hedged to an effective interest rate of 6.0% for $322.1 million of the principal borrowings. See Note 13—Derivative Financial Instruments.

(4) The maturity date for this facility is 20 years from the end date of the borrowing availability period when all borrowings are aggregated into one term loan, which will be no later than November 20, 2020.

(5) 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 11—Debt Obligations for additional details regarding the debt facilities outstanding at June 30, 2020.

Revenue from Operations

In the three and six months ended June 30, 2020, we generated $81.8 million and $133.1 million in revenue from customer agreements and incentives, which approximates cash inflow. Cash related to our System Sales is generally received prior to revenue recognition, and we received $17.2 million and $43.0 million related to System Sales for the three and six months ended June 30, 2020. 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,	
	2020	2019
Net cash (used in) provided by:	(In thousands)	
Operating activities	$ (150,762)	$ (141,084)
Investing activities	(137,343)	(124,381)
Financing activities	455,111	252,087
Net increase (decrease) in cash and cash equivalents, including restricted amounts	$ 167,006	$ (13,378)

Operating Activities

In the six months ended June 30, 2020, we had a net cash outflow from operations of $150.8 million. This was primarily due to outflows of $52.1 million from our net loss excluding noncash and non-operating items and $98.7 million of outflows from changes in working capital.

Investing Activities

In the six months ended June 30, 2020, we used $137.3 million for investing activities primarily due to the costs associated with the design, acquisition and installation of solar energy systems.

Financing Activities

In the six months ended June 30, 2020, we generated $455.1 million from financing activities, of which $347.4 million represented proceeds from long-term debt and $161.8 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 distributions to non-controlling interests and redeemable non-controlling interests of $25.0 million, repayments of long-term debt of $19.7 million and payments for debt issuance and deferred offering costs of $9.6 million.

Contractual Obligations

Our contractual commitments and obligations are set forth in our Annual Report on Form 10-K for the year ended December 31, 2019. Material changes that have occurred during the six months ended June 30, 2020 include the following:

- Additional borrowings and repayments resulted in a net $327.7 million increase in principal borrowings and $83.5 million in additional expected interest. For additional information, see Note 11—Debt Obligations.
- Distributions payable to non-controlling interest and redeemable non-controlling interests increased by $5.2 million.
- Future minimum lease payments have changed as a result of leasing activity during the period. See Note 12—Leases for current schedules of future minimum lease payments on our finance and operating leases.

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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Pursuant to the Instructions to Paragraph (c) of Item 305 of Regulation S-K, information is not required to be disclosed under Item 305(c) of Regulation S-K for interim periods until after the first fiscal year end in which Item 305 is applicable, which for us will be interim periods after December 31, 2020.

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, 2020 pursuant to Rule 13a-15 under 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 as of June 30, 2020.

Changes in Internal Control over Financial Reporting

During the first quarter of 2020, we implemented an Oracle cloud-based Enterprise Resource Planning system, or ERP. Concurrent with the transition to the new ERP, we are updating our internal control over financial reporting, as necessary, to accommodate related changes in our business processes, which will require testing for effectiveness during the remaining quarters of 2020. We presently do not believe this implementation will have an adverse effect on our internal control over financial reporting. There were no other changes in our internal control over financial reporting during the six months ended June 30, 2020 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 19—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 Proposed Acquisition by Sunrun

Failure to complete, or delays in completing, the Merger could materially and adversely affect our results of operations and stock price.

On July 6, 2020, we entered into the Merger Agreement with Sunrun and Merger Sub, which contemplates the acquisition of our company by Sunrun. Pursuant to the Merger Agreement, Merger Sub will merge with and into Vivint Solar, with Vivint Solar continuing as the surviving corporation of the Merger as a direct wholly owned subsidiary of Sunrun. In connection with the Merger, our stockholders would receive 0.55 fully paid and nonassessable shares of Sunrun common stock for each share of our common stock. Consummation of the Merger is subject to a number of conditions including, (1) the adoption of the Merger Agreement by Vivint Solar stockholders and the approval of the issuance of shares of Sunrun common stock in connection with the Merger by Sunrun stockholders; (2) the expiration or termination of the applicable waiting period (or extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (3) the absence of any order or law that has the effect of enjoining or otherwise making illegal the consummation of the Merger; (4) the approval for listing of the shares of Sunrun common stock that will be issuable pursuant to the Merger Agreement on Nasdaq and the effectiveness of a registration statement with respect to such Sunrun common stock; (5) the accuracy of the representations and warranties of each party, as applicable, made in the Merger Agreement (subject to the materiality standards set forth in the Merger Agreement) and performance by each party in all material respects of its covenants and obligations under the Merger Agreement; (6) the absence of a material adverse effect with respect to each party; and (7) receipt by each of Vivint Solar and Sunrun of an opinion of its respective outside counsel or another nationally recognized law firm (including outside counsel to the other party) to the effect that the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. It is also possible that a change, event, fact, effect or circumstance could occur that could lead to a material adverse effect to us, which may give Sunrun the ability to not complete the Merger. We cannot predict with certainty whether and when any of the required closing conditions will be satisfied or if another uncertainty may arise. Risks related to the failure, or delay, of the Merger include the following:

- we would not realize any or all of the potential benefits of the Merger, including any synergies that could result from combining the resources of us and Sunrun, which could have a negative effect on our stock price;
- negative market implications from COVID-19;
- we will remain liable for significant transaction costs, including legal, accounting, financial advisory and other costs relating to the transaction regardless of whether the Merger is consummated;
- under certain circumstances, we may have to pay a termination fee to Sunrun equal to $54.0 million if the Merger is not completed;
- the attention of our management and employees may be diverted from day-to-day operations during the period up to the completion of the Merger;
- our business may be disrupted by customer or supplier uncertainty over when or if the Merger will be completed or customers', suppliers' and investors' perception of us as a standalone company;
- under the Merger Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Merger, which restrictions could adversely affect our ability to conduct business as we otherwise would have done if we were not subject to these restrictions;

- our ability to raise additional financing when needed;
- the triggering of change in control or other provisions in certain customer and other agreements to which we or Sunrun is a party;
- the Merger is subject to the expiration or termination of applicable waiting periods and the receipt of approvals, consents or clearances from regulatory authorities that may impose conditions that could have an adverse effect on us or Sunrun or, if any such approvals, consents or clearances are not obtained, it could prevent completion of the Merger; and
- our ability to retain current key employees or attract new employees may be harmed by uncertainties associated with the Merger.

The occurrence of any of these events individually or in combination could materially and adversely affect our results of operations and stock price.

If the Merger is completed, the combined company may not perform as we expect, or as the market expects, which could have an adverse effect on the price of Sunrun common stock, which our stockholders will own following such completion.

The integration of our company into Sunrun's existing operations will be a complex, time-consuming and expensive process and may disrupt Sunrun's existing operations if it is not completed in a timely and efficient manner. If Sunrun's management is unable to minimize the potential disruption to its business during the integration process, Sunrun may not realize the anticipated benefits of the Merger. Realizing the benefits of the Merger will depend in part on the integration of technology, operations, and personnel while maintaining adequate focus on Sunrun's core businesses. Sunrun may encounter substantial difficulties, costs and delays in integrating us including the following, any of which could seriously harm its results of operations, business, financial condition and/or the price of its stock:

- conflicts between business cultures;
- the loss of the use of the "Vivint Solar" brand;
- difficulties and delays in the integration of operations, personnel, technologies, products, services, business relationships and information and other systems of the acquired businesses;
- the diversion of management's attention from normal daily operations of the business;
- the incurrence of contingent liabilities;
- lost sales and customers as a result of customers of either of the two companies deciding not to do business with the combined company;
- loss of key employees and disruptions among employees that may erode employee morale;
- inability to implement uniform standards, controls, policies and procedures; and
- failure to achieve anticipated levels of revenue, profitability or productivity.

Sunrun's operating expenses may increase significantly over the near term due to the increased headcount, expanded operations and changes related to the Merger. To the extent that the expenses increase but revenues do not, there are unanticipated expenses related to the integration process, or there are significant costs associated with presently unknown liabilities, Sunrun's business, operating results and financial condition may be adversely affected. Failure to minimize the numerous risks associated with the post-acquisition integration strategy also may adversely affect the trading price of Sunrun's common stock which will be issued in connection with the Merger.

The announcement and pendency of the Merger could cause disruptions in our business or the business of Sunrun, which could have an adverse effect on the respective businesses and financial results, and consequently on the combined company.

We and Sunrun have operated and, until the consummation of the Merger, will continue to operate, independently. Uncertainty about the effect of the Merger on customers, employees and vendors may have an adverse effect on Sunrun or us and consequently on the combined company. In response to the announcement of the Merger Agreement, existing or prospective customers or suppliers of Sunrun or us may:

- delay, defer or cease purchasing products or services from or providing products or services to Sunrun, us or the combined company;
- delay or defer other decisions concerning Sunrun, us or the combined company; or
- otherwise seek to change the terms on which they do business with Sunrun, us or the combined company.

Any such delays or changes to terms could seriously harm the business of each company or, if the Merger is completed, the combined company.

In addition, as a result of the Merger, current and prospective employees could experience uncertainty about their future with Sunrun, us or the combined company. These uncertainties may impair the ability of each company to retain, recruit or motivate key personnel, and may negatively impact the productivity of current employees.

Our executive officers and directors may have interests that are different from, or in addition to, those of our stockholders generally.

Our executive officers and directors may have interests in the Merger Agreement that are different from, or are in addition to, those of our stockholders generally. These interests include direct or indirect ownership of our common stock, stock options, restricted stock units and long-term incentive plan awards; change of control and severance agreements for our executive officers; new employment agreements between Sunrun and each of David Bywater, our Chief Executive Officer, and Chance Allred, our Chief Sales Officer; and provisions in the Merger Agreement pursuant to which, at the completion of the Merger, the board of directors of Sunrun will be expanded to add two directors who were members of our board of directors as of immediately before the completion of the Merger and that also provide for indemnification and insurance for current and former directors and executive officers. In addition, 313 Acquisition LLC, which is controlled by our Sponsor and its affiliates, beneficially owns approximately 56% of the outstanding shares of our common stock. As a result of the control of our Sponsor, minority holders of our outstanding common stock may not have any control over the outcome of any stockholder voting regarding the approval of the Merger.

The following risk factors assume that we remain a standalone company except as otherwise noted.

Risk Related to Our Business

The COVID-19 pandemic has negatively affected and will likely continue to negatively affect our business, financial condition, liquidity and results of operations.

The current COVID-19 pandemic has had, and likely will continue to have, repercussions across local, state and national economies and financial markets. The COVID-19 pandemic has caused a deterioration in the U.S. economy and our industry and could result in a period of substantial economic and financial turmoil. Our team members and customers are located in areas impacted by COVID-19, and COVID-19 has negatively impacted, and could continue to negatively impact, our business, team members, current and potential customers, as well our financial condition, liquidity, and results of operations.

Our business operations have experienced significant disruptions due to the unprecedented conditions surrounding COVID-19 in the United States, which has required us to modify our business practices. Since March 2020, we have been following the recommendations of state and local health authorities to minimize the exposure risk for team members and customers, including restricting access to our physical offices and temporarily reducing our sales presence at retail locations. Our direct-to-home sales professionals have had to quickly adapt to remote sales practices, though recently they have been able to resume direct-to-home sales activities in most markets. If government restrictions on our activities are reimposed after being lifted and then continue for an extended period of time, or if customer receptivity to our products and sales channels changes as a result of COVID-19, our operating results, financial condition and prospects would be adversely affected.

Management has devoted significant time and attention to assessing the potential impact of COVID-19 and related events on our operations and financial position and has developed operational and financial plans to address those matters. We have taken many actions, including, but not limited to, having employees work from home where possible, practicing social distancing in all aspects of our business, reducing our workforce, temporarily reducing compensation, temporarily closing warehouses and sales offices, temporarily reducing our sales presence at retail locations, and eliminating expenditures. Recently we have been able to bring back most of our furloughed workforce and reinstate compensation. However, if we have to re-implement these steps, we may be unable to hire, or rehire, our workforce in a timely way as COVID-19 restrictions are loosened and if we are unable to meet the demand for our solar energy systems, our future operating results and prospects may be adversely affected.

There is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic, and our ability to perform certain functions could be negatively impacted. While the potential impact and duration of the COVID-19 pandemic on the U.S. economy and our industry in particular are difficult to assess or predict, the pandemic has resulted in changes to the capital markets, which have negatively affected the timing and type of funding we expected to obtain as part of our planned business processes, and which may further reduce or delay our ability to access capital and negatively affect our liquidity and results of operations. In addition, the current recession or further financial market correction resulting from the spread of COVID-19 could adversely affect demand for our products, reduce our ability to install our products, impact our supply chain, including the pricing, timing and availability of equipment, or cause a decrease in collections from our customers, among other negative impacts. These events could cause a material adverse effect on our financial position, liquidity, and results of operations.

The COVID-19 pandemic is rapidly evolving, and we will continue to monitor the situation closely. The ultimate impact of this pandemic is highly uncertain and subject to change. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including, but not limited to, the duration and spread of the pandemic, its severity, the actions to contain the disease or mitigate its impact, and the duration, timing and severity of the impact on customer behavior, including the depth and duration of the recession that has resulted from the pandemic, all of which are uncertain and cannot be predicted. An extended period of economic disruption as a result of the COVID-19 pandemic could have a material negative impact on our business, financial position, liquidity, and results of operations, though the full extent and duration is uncertain. The COVID-19 pandemic may also intensify the risks described in the other risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

We need to enter into 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. The impact of COVID-19 has resulted in changes to the capital markets. The timing and type of funding we expect to obtain as part of our planned business processes has been disrupted in the recent past as a result of COVID-19 and may be disrupted in the future. Future funding may prove to be more expensive and less favorable than previously expected. We seek to minimize our cost of capital in order to maintain the price competitiveness 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:

- the state of financial and credit markets and other macroeconomic factors including the continued impacts of COVID-19;
- limitations in the Merger Agreement with Sunrun;
- 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;
- 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, including the step-down of the ITC, 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' solar energy 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, 2020, we had raised 30 investment funds to which investors such as banks and other large financial investors have committed to invest approximately $2.5 billion. The undrawn committed capital for these funds as of July 31, 2020 was approximately $339 million, which we estimate will fund approximately 180 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 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 investors' capital or pay the fund investors 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. The COVID-19 pandemic has resulted in significant disruption of capital markets, which may reduce our ability to access capital and could negatively affect our liquidity and results of operations. 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 or for use as collateral, 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 raising capital 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.

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 certificates associated with renewable energy generation, exclusion of solar energy systems from property tax assessments and net metering. We rely on these 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 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 programs, 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 offers a 30% ITC under Section 48(a) of the Internal Revenue Code for the installation of certain solar power facilities as long as construction of the solar energy system began by December 31, 2019. By statute, the ITC decreased to 26% of the basis of a solar energy system for systems where construction begins in 2020, and will further decrease to 22% for systems where construction begins in 2021 and 10% for systems where construction begins after 2021 or, regardless of when construction begins, where the solar energy system is placed into service after 2023. 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, the deductibility of interest expense, and the meaning of "beginning construction" for purposes of the ITC step-down described above 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 reduction beginning in 2020, unless modified by a change in law, may impact the attractiveness of solar energy to these investors and could potentially harm our business.

In order to take advantage of the higher ITC rates available based on the year in which construction on a solar energy system begins, we placed orders for solar energy components that we paid for prior to the end of 2019 and entered into contracts for products where significant physical work had begun prior to the end of 2019. While we have attempted to ensure that these orders and physical work plans will comply with guidance issued by the IRS, this guidance is relatively limited and could change without notice. As such, it is possible that our financing partners or the IRS could challenge whether construction has begun for purposes of the ITC rate step-down described above. It is also possible that we will not be able to use all of the solar energy system components purchased pursuant to this plan.

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.

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' interest in solar energy systems is driven by a desire 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.

A customer's interest in a solar energy system may also be affected by the cost of electricity generated from other energy sources, including 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:

- unanticipated consequences of COVID-19 such as relative changes in power consumption between commercial and residential properties;
- 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 breakeven 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, further actions the current and future administrations in the United States, the U.S. Department of Energy, the Federal Energy Regulatory Commission, or FERC, and individual states 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. Proposed changes to such policies have been considered and will continue to be considered by federal and state administrators, and any resulting 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.

For example, FERC recently issued a Final Rule on July 16, 2020 in Docket No. RM19-5, or Order 872, that increases the regulatory burden associated with obtaining and maintaining certification as a "Qualifying Facility" when solar energy systems located at "the same site" exceed 1 MW of capacity. As explained in Order 872, when rooftop solar energy systems are owned by the same entity, individual rooftop solar PV systems will be considered affiliated with every other rooftop solar energy system owned by the entity. When there are multiple of such facilities "at the same site" that exceed 1 MW in installed capacity, the entity is required to certify the facilities as a Qualifying Facility unless a waiver is received. Order 872 explains the situations where "the same site" requirements could be used to aggregate the installed capacity of all affiliated rooftop solar energy systems within a ten-mile radius, but should any such facilities be aggregated that would present additional regulatory barriers and challenges.

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.

Relatedly, it is possible that the bankruptcy proceedings initiated by Pacific Gas and Electric Company on January 29, 2019 could have an adverse impact on our customers and operations in California. Any such negative impacts (e.g., resulting from new non-bypassable charges, rate changes, restructuring, etc.) could be harmful to our customer relations, business, results of operations and future growth, especially given the concentration of our solar energy systems in California.

Finally, public service commissions may impose requirements on our business associated with our interactions with consumers. The California Public Utilities Commission and the Public Service Commission of the State of New York have each adopted orders requiring changes to certain of our business practices and continue to take actions suggesting the trend will continue. Other public service commissions could follow California and New York's lead and impose requirements, including those associated with consumer protection that could affect how we do business and acquire 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. 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 energy system 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 several states in which we operate. Many utilities have proposed and are proposing new and varied revisions to their net metering programs, with such proposals decided by the state public utilities commissions. These revisions include, but are not limited to, capping the numbers of customers that can elect net metering within a utility service territory, imposing new fixed charges for grid service or interconnection, reducing the retail rate value of the net metered electricity generation, and imposing consumer protection requirements on solar companies. For example, in 2016, the California Public Utilities Commission enacted changes requiring customers within the service territory of San Diego Gas and Electric, Pacific Gas and Electric Company, and Southern California Edison Company, to take service on a net metering successor tariff. Under this successor tariff, utilities are allowed to impose reasonable interconnection fees on customers and some additional charges and customers must take service on time-of-use rates. The California Public Utilities Commission in 2019 and in 2018 again referenced its net metering authority when imposing new consumer protection measures on the residential solar industry. 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, the value of the credit that customers receive for net metering will be significantly reduced, utility rate structures will be altered, or fees will be imposed on net metering customers, and 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 equipment, and our financial results may be harmed if the cost of equipment 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 systems. Despite recent increases in solar panel prices due to the tariffs imposed since February 2018 and a general decrease in supply in the solar panel market, industry experts indicate that solar panel and raw material prices are expected to generally decline in the future. It is possible, however, that prices will not decline at the same rate as they have over the past several years or that prices may increase. In addition, growth in the solar industry in the United States and abroad 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. The advent of COVID-19 has further increased the potential for volatility in the marketplace as disruptions in supply could contribute to shortages, while depressed demand could lead to oversupply, with commensurate impacts on pricing for the foreseeable future.

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, Korea and Vietnam. Changes in governmental support or regulation in China or the other countries where these products are manufactured, unforeseen public health crises, political crises, or other catastrophic events, whether occurring in China, the United States or other countries, could disrupt our supply chain, affect our ability to purchase panels on competitive terms, and restrict our access to specialized technologies.

The U.S. government has imposed duties and tariffs on solar cells and could impose additional tariffs on solar cells manufactured outside the United States or implement additional restraints on trade. In January 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. The tariff on imported solar panels will decline 5% each year in the second, third and fourth years. The safeguard measures went into effect in February 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.

In September 2018, the President of the United States announced the imposition of tariffs on $200 billion of Chinese goods. Inverters imported from China are listed as subject to the new duties. Tariffs of 10% on inverters went into effect on September 24, 2018, and the tariffs were increased to 25% in May 2019. We are currently seeing various responses from inverter suppliers to the 25% tariff, as they pass on various portions of the tariff to the purchaser through price increases.

These combined tariffs make affected solar cells less competitively priced in the United States, and the impacted manufacturers may choose to limit the amount of solar equipment they sell into the United States. 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.

The safeguard measures have increased, and other potential tariffs could further increase, our costs of solar panels and other system components, potentially causing a significant impact on our system costs, business and prospects. In addition, volatility in the market due to the continued effects of COVID-19 could influence the costs of solar panels and other system components, along with changes in supply and demand. 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.

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 12% of total megawatts installed in the six months ended June 30, 2020. If customer preferences or the residential solar energy market 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.

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

As of June 30, 2020, approximately 36% of our cumulative megawatts installed were located in California, and the concentration of systems located in California has increased in recent years. In addition, we expect future installations 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, impacts from the COVID-19 pandemic and other conditions in California and in other markets that may become similarly concentrated. As mentioned above, any adverse impacts to retail electric customers resulting from Pacific Gas and Electric Company's bankruptcy proceedings could affect a significant portion of our customer base in light of the concentration of our customers in California.

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 FERC, 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 the near future, 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. 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 $153.9 million and $119.5 million for the six months ended June 30, 2020 and 2019. 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:

- the adverse impacts and duration of COVID-19 directly on our business as well as its macroeconomic impacts;
- adapting our cost structure to match sales and installation volumes as a result of COVID-19;
- increasing costs that have resulted, and may continue to result, from the Merger;
- growing our customer base;
- finding investors willing to invest in our investment funds;

- maintaining and further reducing 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;
- reducing our operating costs by optimizing our sales, design and installation processes and supply chain logistics;
- managing our customer acquisition costs; and
- managing our exposure to regulatory and legal actions.

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 the direct-to-home sales channel.

Historically, our primary sales channel has been a direct-to-home sales model. However, as a result of COVID-19, we are rapidly shifting to a remote selling and e-commerce model and we may not be successful implementing this new model. We also sell to customers through our inside sales team and through the homebuilder and retail distribution channels. We compete against companies with greater experience selling solar energy systems to customers through a number of distribution channels in addition to direct-to-home sales, including homebuilders, home improvement stores, large construction companies, electrical and roofing companies, the internet, and through relationships with other third parties. 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 and regulations 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 and regulations affecting direct sales and marketing are passed in the markets in which we operate, it would take time to train our sales professionals 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.

Expansion into new sales channels could be costly and time-consuming. As we enter new channels, we could be at a disadvantage relative to other companies who have more history in these spaces.

Historically, our primary sales channel has been the direct-to-home sales model. As we continue to expand into other channels, such as the homebuilder, retail and e-commerce channels and adapt to a remote selling model, we have incurred and may continue to incur significant costs including but not limited to, fees related to meeting volume requirements, investments into inside sales to support these efforts and other information technology investments. In addition, we may not initially or ever be successful in utilizing these new channels. Furthermore, we may not be able to compete successfully with companies with a historical presence in such channels, and we may not realize the anticipated benefits of entering such channels, including efficiently increasing our customer base and ultimately reducing costs. Entering new channels poses numerous risks, including the following:

- incurrence of significant start-up costs to adapt our current processes or develop new sales processes for use in these channels;
- diversion of our management and employees from our core direct-to-home sales model;
- difficulty adapting our current marketing strategies or developing new marketing strategies to these new channels;
- inability to obtain key partners and the necessary volumes to remain viable in the retail space, both for us and for our retail partners;
- inability to compete successfully with companies with a historical presence in such channels;
- inability to achieve the financial and strategic goals for these channels; and
- potential conflicts between sales channels.

If we are unable to successfully compete in new channels, our operating results and growth prospects could be adversely affected.

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

The success of our direct-to-home sales efforts depends upon the recruitment, retention and motivation of a large number of sales professionals to compensate for a high turnover rate, which is a common characteristic of a direct-selling business. In order to grow our business, we need to recruit, train and retain sales professionals on a continuing basis. Sales professionals are attracted to direct-selling by competitive earnings opportunities, and direct-sellers typically compete for sales professionals 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 compensate our sales professionals primarily on a commission basis, based on system size, contract rate and the expected number of hours the rooftop will be exposed to full sunlight. Certain of our sales professionals in leadership roles also receive equity compensation. Some sales professionals may prefer a compensation structure that also includes a salary component or other benefits. There is significant competition for sales talent in our industry, and from time to time we may need to adjust our compensation model to respond to this competition. These adjustments have caused and are expected to continue to cause 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 professionals could be harmed by additional factors, including:

- negative impacts of COVID-19, which limit direct-to-home sales;
- negative perceptions by current or future sales professionals about the Merger;
- 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 professionals, or perception that other product or income opportunities are more attractive;
- any negative public perception of our sales professionals 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 professionals in such market.

We are subject to significant competition for the recruitment of sales professionals from other direct-selling companies and from other companies that sell solar energy systems in particular. Regional and district managers of our sales professionals are instrumental in recruiting, retaining and motivating our sales professionals. When managers have elected to leave us and join other companies, the sales professionals they supervise have often left with them. We may experience increased attrition in our sales professionals 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 professionals. 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, or NYPSC, 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 NYPSC expanded its original order of October 2017 in March 2019. The order, which is part of a broader proceeding before the NYPSC associated with regulating and overseeing distributed energy resource suppliers, is premised on the NYPSC's determination that it has the jurisdiction to oversee certain aspects of our business, and businesses like ours, in the same way that it oversees public utilities. Though the NYPSC 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, and the consumer protection order entered by the California Public Utilities Commission in October 2018 is premised, in part, on the notion that the California Public Utilities Commission has authority to regulate certain aspects of rooftop solar energy providers. 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.

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.

We 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 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 certain jurisdictions, 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. The IRS continues to audit fair market value determinations industry-wide and is currently conducting an audit of one of our investment funds. We are not aware of any other ongoing audits or results of audits related to our appraisals or fair market value determinations of any of our investment funds. If as part of the current examination of one of our investment funds or an examination of any other fund, 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 (typically, 99%) of the difference between the fair market value used to establish our basis for claiming ITCs and the adjusted ITC basis 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. If interest rates rise in the future, our costs of capital could increase.

The phase-out of LIBOR may adversely affect a portion of our outstanding debt.

The London Interbank Offered Rate, or LIBOR, is scheduled to be phased out by the end of 2021. It is anticipated that new alternative floating borrowing rates will be adopted. Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative floating borrowing rate, may adversely affect our borrowing costs. Certain of our debt instruments have interest rates that are LIBOR based and will not have matured prior to the phase-out of LIBOR. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative floating borrowing rates on the portion of our outstanding debt that is LIBOR based. Challenges in changing to a different borrowing rate may result in less favorable pricing on certain of our debt instruments and could have an adverse effect on our financial results and cash flows.

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. We anticipate that the first target flip date will occur in the third quarter of 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 it entered 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 could occur 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, 2020, we and our subsidiaries had outstanding $1.9 billion in principal amount of indebtedness, including through debt facilities and asset-backed securities issued by our subsidiaries. As of June 30, 2020, we had up to $429.1 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 investment funds until it is 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.

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.

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 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.

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 from 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 we do not access or that they have more fully developed. 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. Additionally, some utility companies (and some utility-like entities, such as community choice aggregators in California) have generation portfolios that are increasingly renewable in nature. In California, for example, due to recent legislation, utility companies and community choice aggregators in that state are required to have generation portfolios composed of 60% renewable energy by 2030, and state regulators are planning for utility companies and community choice aggregators to sell 100% greenhouse gas free electricity to retail customers by 2045. Similar long-term utility requirements for 100% renewable or emission-free electricity are being put in place in Hawaii, New Mexico, Nevada, Washington, Maine, New York and other states. As utility companies offer increasingly renewable portfolios to retail customers, those customers might be less inclined to install a solar energy system at their home, which could adversely affect our growth.

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. As a result of COVID-19, we have taken several actions to reduce our workforce through furloughs and layoffs and temporarily reducing compensation expense through salary reductions to match anticipated volumes. Any current or future workforce reductions or compensation reductions could in turn adversely affect retention, motivation and productivity. Furthermore, if demand for solar energy systems rebounds, we may not be able to attract, rehire or retain an adequate number of productive installers to meet such demand. 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. 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 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 typically 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 typically responsible for every customer installation. We are the general contractor, electrician, construction manager and installer for nearly 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 not to achieve our expected results or cover our costs for that project. The COVID-19 pandemic and emergency orders issued by state and local governments, including but not limited to access restrictions, delays in inspections, permits and interconnection approvals, may adversely affect our ability to construct and install solar energy systems and may cause cost overruns, delays or other execution issues which may cause us not to achieve our expected results.

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. As a result of the COVID-19 pandemic, some of our suppliers have encountered some disruptions to their supply chains, logistics and business operations. However, they have been delivering inventory to us reliably with only occasional delays and minimal impacts to our business thus far. If the COVID-19 pandemic causes conditions for our suppliers to degrade further, our suppliers' ability to timely execute deliveries could be negatively impacted. 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, some of which include purchase commitments into 2021. 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 depends in part on the types of customer contracts we have entered into—because revenue from System Sales is recognized when the system is placed into service whereas revenue from our PPAs and Solar Leases is recognized over the contract life, which historically has been 20 years—and, in the case of PPAs and Solar Leases 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 Northeast. 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 duration and impacts of COVID-19;
- 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, and our ability to manage, related expenditures;
- our ability to manage our exposure to regulatory and legal action;
- 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.

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 have enacted laws and regulations that provide enhanced rights and require increased disclosures to customers. Most of these laws and regulations are specific to the solar industry and have required changes to our contracts, processes and operations. Some of the laws have been enacted along with other changes to state law that further impact the residential solar industry. Other laws and regulations, such as the ones that relate to licensing of sales professionals, are applicable to a wide array of industries, and failure to comply with such regulations could result in citations, fines, license suspensions, revocations and other penalties. Further, to the extent that states undertake enforcement actions against us, or other states enact further laws or regulations applicable to our industry, we may be required to expend additional resources in order to modify our business 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. From time to time, we are or may become the subject of investigations and other formal and informal proceedings from various federal, state and local regulatory agencies, including, but not limited to, state attorney generals' offices. 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.

In January 2020, we entered into a settlement agreement called an Assurance of Discontinuance, or Settlement, with the New York Attorney General, or NYAG. The Settlement requires us to adopt certain changes to our sales and marketing practices in New York and pay approximately $2.0 million to the State of New York in three payments. We accrued this amount in our financial statements as of December 31, 2019, and have paid $1.5 million. The Settlement required us to notify New York customers about the Settlement and their potential rights under it, including the potential rights to have us remove their system, leave their property in a watertight condition, cancel contracts, and refund amounts paid, and/or to repair property damage. The NYAG will be the final arbiter of any disputes as to the consumer's eligibility for relief. We accrued another $2.0 million for this potential liability in general and administrative expenses for the period ending December 31, 2019, which represents our current best estimate of potential loss. Future adjustments to our current accrual, which currently cannot be estimated, could adversely impact our operating results in the period or periods in which any such adjustments are made. Actual expenses may deviate materially from our estimate.

In addition, from time to time, regulatory agencies enact or amend regulations relating to the marketing of our products to residential customers. Any investigations, actions, adoption or amendment of regulations relating to the marketing of our products to residential consumers 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.

We cannot ensure that our sales professionals and other personnel will always comply with our standard practices and policies, as well as applicable laws and regulations. In any of the numerous interactions between our sales professionals or other personnel and our customers or potential customers, our sales professionals or other personnel may, without our knowledge and despite our efforts to effectively train them and enforce compliance, engage in conduct that is or may be prohibited under our standard practices and policies and applicable laws and regulations. Any such non-compliance, or the perception of non-compliance, has exposed us to claims and could expose us to additional claims, proceedings, litigation, investigations, or enforcement actions by private parties or regulatory authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business and reputation. We have incurred, and will continue to incur, significant expenses to comply with the laws, regulations and industry standards that apply to us.

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, subject to claims, proceedings, litigation, investigations or enforcement actions by private parties or regulatory authorities. For examples, see Note 19—Commitments and Contingencies. While we intend to defend against these actions vigorously, the ultimate outcomes of certain of these cases are presently not determinable as they are in preliminary phases. In general, legal proceedings 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, may harm our brand and reputation and could result in settlements or damages that could significantly affect our financial results and how we conduct our business. It is not possible to predict the final resolution of the legal proceedings 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.

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, in many cases 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 large fleet of 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 has historically been 20 years and is 20 or 25 years beginning in 2020. 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 for the solar energy systems we sell to customers for a period of one to ten years and in many cases have agreed to operate and maintain those systems for no additional charge. 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 customer. Solar Leases with performance guarantees require us to refund certain payments to the customer 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 25 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 the occurrence of 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, 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 sales professionals fail to adhere to our standards, 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 the headcount of our direct-to-home sales professionals, leading us in some instances to take on candidates who we later determined did not meet our standards. In addition, given the sheer number of interactions our sales professionals 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 resulted in litigation and affected our digital footprint on rating websites and social media platforms. If our hiring, training and management processes fail to eliminate these issues, our reputation may be harmed and our ability to attract new customers could 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 further 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 many 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 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 intend to continue to expand our business within existing markets, in a number of new locations and through new sales channels in the future. This future growth may place a strain on our management and 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, sales channel partners 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. Furthermore, an inability to generate cash from operating and financing activities may impact our growth prospects. 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. As a result of the impacts of COVID-19, we have taken actions to reduce our workforce to match anticipated volumes. When the current macroeconomic effects from COVID-19 pass in a future period, we may be unable to quickly scale our workforce back up to respond effectively to restored demand.

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, electric vehicle charging stations or generators, 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 future acquisitions or strategic initiatives, and integration of any acquisition or implementation of any strategic initiatives may disrupt our business and management.

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

- difficulty in assimilating the operations and personnel;
- 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 accounting, management information and other administrative systems;
- inability to retain key technical and managerial personnel;
- inability to retain key customers, vendors and other business partners;
- inability to achieve the financial and strategic goals for the acquired or 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, regulatory 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.

Acquisitions of companies or strategic initiatives are inherently risky, and if we do not complete integration or implementation successfully and in a timely manner, we may not realize the anticipated benefits of the acquisitions or strategic initiatives 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 or other natural disasters, such as hailstorms, hurricanes, 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. These risks are amplified by the anticipated increase in the frequency of extreme weather events due to rising average temperatures worldwide.

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, customer agreements 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 Northeast. 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 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 for 20 or 25 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, 2020, the average FICO score of our customers was approximately 755. However, as we grow our business, and as a result of macroeconomic conditions, including from the current COVID-19 pandemic, the risk of customer defaults could increase. Our reserve for this exposure is estimated to be $12.3 million as of June 30, 2020, 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 lenders with whom we have relationships, 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.

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 also receive and maintain confidential information about our own business, including trade secrets and sensitive business information, and receive confidential information from third parties. We engage third-party vendors and service providers to store and otherwise process some of our and our customers' data, including sensitive and personal information. We and our vendors and service providers may be the targets of cyberattacks, malicious software, phishing schemes, and fraud, and we and our vendors and service providers may suffer cybersecurity breaches and other security incidents due to these and other causes, including employee or contractor error. Our ability to monitor our vendors and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, disclosure, loss or destruction of our and our customers' data, including sensitive and personal information.

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 due to the factors detailed above, there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to the information despite our efforts and those of our vendors and service providers. 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, to implement adequate preventative or mitigation measures, to identify any attacks or incidents on a timely basis, or to remediate or otherwise address any attacks or incidents in a timely manner. The COVID-19 pandemic generally is increasing the attack surface available to criminals, as more companies and individuals work remotely and otherwise work online. Consequently, the risk of a cybersecurity incident suffered by us or our vendors or service providers is increased, and our investment in risk mitigations against cybersecurity incidents is increasing. We cannot provide assurances that our preventative efforts, or those of our vendors or service providers, will be successful. In addition, due to a potential time lapse between when certain of our contracted sales professionals and other independent contractors leave us and when we are made aware of their separation, such contracted sales professionals and other independent contractors may have continued access to our customers' information for a period of time when they should not have such access until we are able to restrict their access.

We are also subject to laws and regulations relating to the collection, use, retention, security and transfer of personal information of our customers and other individuals. 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. For example, the California Consumer Privacy Act, or CCPA, became operational on January 1, 2020. The CCPA requires covered companies to, among other things, provide new disclosures to California consumers, and affords such consumers new abilities to opt-out of certain sales of personal information. Certain aspects of the CCPA and its interpretation remain uncertain and are likely to remain uncertain for an extended period, and we cannot predict the full impact of the CCPA on our business or operations. The CCPA has required us to modify our data practices and policies, and to incur costs and expenses, in an effort to comply. Additionally, a new privacy law, the California Privacy Rights Act, or CPRA, recently was certified by the California Secretary of State to appear on the ballot for the November 3, 2020 election. If this initiative is approved by California voters, the CPRA would significantly modify the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses. 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, we could suffer consequences including fines, other costs and penalties, and the potential loss of our ability to accept payments via credit cards. 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 result in harm to our business and results of operations. If any such unauthorized use or disclosure of, or access to, such personal information or other 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 or other 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. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers. Further, we could be required to expend significant capital and other resources to address any data security incident or breach and to implement measures in an effort to prevent further breaches or incidents.

In addition, we cannot assure that any limitation of liability provisions in our customer and user agreements, contracts with third-party vendors and service providers or other contracts would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim relating to a security breach or other security-related matter. While our insurance policies include liability coverage for certain of these matters, if we experienced a widespread security breach or other incident that impacted a significant number of our customers to whom we owe indemnity obligations, we could be subject to indemnity claims or other damages that exceed our insurance coverage. We also cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any future claims will not be excluded or otherwise denied coverage by any insurer. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results and reputation.

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 relationship with 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.

On January 17, 2020, Vivint merged with Mosaic Acquisition Corp. to become a publicly traded company and our Sponsor currently continues to own a majority interest in both Vivint and us. However, we anticipate that we will eventually cease to be a "controlled company."

We have entered into certain agreements with Vivint. In August 2017, we entered into a sales dealer agreement with Vivint, which was amended and restated in March 2020. 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 one-year term, which automatically renews 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 Recruiting Services Agreement we have entered into with Vivint in March 2020, we and Vivint each have agreed not to solicit for employment any member of the other's executive or senior management team, any dealer, 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 Recruiting Services Agreement. The commitment not to solicit each other's employees lasts for 180 days after such employee finishes employment with us or Vivint. Notwithstanding the above, a small number of sales professionals 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 professionals could expose us to increased claims, proceedings, litigation and investigations by consumers and regulatory authorities. In addition, having sales professionals who work for both Vivint and us could distract such sales professionals, impact the effectiveness of our sales professionals, and potentially increase the turnover of our existing sales professionals who may feel displaced by the addition of Vivint sales professionals to our existing sales professionals. Pursuant to the terms of the Subscriber Generation Agreement we have entered into with Vivint Amigo, Inc., a wholly owned subsidiary of Vivint, in March 2020, Vivint employees will use the Amigo Application to provide lead generation services.

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 for so long as Vivint remains our sister company. 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, 2020, 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:

- the continued adverse impacts of COVID-19;
- the market reaction to the announcement of the Merger;
- 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;
- actual or perceived privacy or data security incidents;
- 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, employees or members of our board of directors, 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;
- potential acquisitions; and
- negative publicity, including accurate or inaccurate commentary or reports regarding us, our products, our sales professionals or other personnel, or other third parties affiliated with us, on social media platforms, blogs and other websites.

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.

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. If our new ERP system was not implemented correctly or does not operate as intended, the effectiveness of our internal controls over financial reporting could be adversely affected or our ability to adequately assess it could be delayed. Failure to maintain effective internal controls could cause investors to lose 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.

Additionally, we are required to obtain an annual audit of our internal controls over financial reporting from our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act. Our compliance with applicable provisions of Section 404 requires that we incur substantial accounting expense and expend significant management time on compliance-related issues and comply with reporting requirements. Moreover, if we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Furthermore, investor perceptions of our company may suffer if deficiencies are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to comply with these requirements effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal control over financial reporting from our independent registered public accounting firm. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

We cannot be certain that we will be successful in preparing adequate disclosures now that we are no longer able to utilize certain modified disclosure requirements permitted for an emerging growth company or a smaller reporting company within the meaning of the Securities Act.

We ceased to be an emerging growth company in 2019 and no longer qualify to use the smaller reporting company designation after the filing of our Annual Report on Form 10-K for the year ended December 31, 2019. As an emerging growth company, we were able to take advantage of exemptions from various reporting requirements applicable to other public companies including, but not limited to, not being required to have our independent registered public accounting firm audit our internal controls 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. Similar to emerging growth company status, the smaller reporting company designation allowed us to maintain reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements and certain other reduced disclosure obligations in our SEC filings.

As a public company without the emerging growth company status or smaller reporting company designation, we are required to increase our disclosures in periodic reports, proxy statements and other SEC filings compared to our historical filings. These increased disclosure standards may place a burden on our financial and management resources. If our additional disclosures in future filings are perceived as insufficient or inadequate by investors or regulatory authorities, the market price of our stock could decline, and we could be subject to actions by stockholders or regulatory authorities.

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, 2020, we had 125.4 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 11.0 million shares of common stock remained outstanding as of June 30, 2020, with 1.7 million of those shares being vested and exercisable as of June 30, 2020. 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.

Moreover, in connection with the completion of the merger of Vivint and Mosaic Acquisition Corp. on January 17, 2020, certain holders of Class A Units and Class B Units of 313 Acquisition LLC, including David Bywater, David D'Alessandro and Todd Pedersen but excluding our Sponsor, had or will have their units redeemed in exchange for a number of shares of our common stock and Vivint's common stock or for tracking units redeemable for such shares over a vesting period. The approximately 4.7 million shares of our common stock distributed in connection with completion of the merger and the number of shares of our common stock that will be distributed during the vesting period of the tracking units may be freely sold in the public market in the United States subject to the requirements of Rule 144. The exact number of shares that will be distributed upon redemption of the tracking units will be determined upon each redemption date, based in part on the ratio of the value of our common stock and Vivint's common stock on January 17, 2020.

As of June 30, 2020, stockholders owning an aggregate of 70.5 million shares of our common stock were 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. We registered an additional 12.9 million shares in March 2017 and 14.3 million shares in March 2020. 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, 2020, 313 Acquisition LLC, which is controlled by our Sponsor and its affiliates, beneficially owned approximately 56% 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 our former director 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 our other investors.

Even if the Merger does not close, we expect that 313 Acquisition LLC will eventually cease to control us as a result of potential future equity offerings by 313 Acquisition LLC or us and other distributions by 313 Acquisition LLC of shares of our common stock, for example in connection with the merger of Vivint and Mosaic Acquisition Corp., as well as the vesting over time of our equity awards. If and when 313 Acquisition LLC ceases to control us, we will no longer be a "controlled company" under the corporate governance rules of the New York Stock Exchange, or NYSE, and will no longer be able to benefit from the related exemptions, and we may also become a more likely target of short-term activist investors whose interests may be different than those of our other stockholders.

We have elected to take advantage of the "controlled company" exemption to the NYSE corporate governance rules, 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.

If 313 Acquisition LLC were to sell, transfer or otherwise distribute an amount of its shares of our company such that neither it nor another company, individual or group would hold more than 50% of the voting power for the election of our directors, we would no longer be a controlled company. We intend to comply with all applicable NYSE rules if we cease to be a controlled company, however, we may have difficulties complying with NYSE rules relating to the composition of our board of directors, and there can be no assurance that we will be able to attract and retain the number of independent directors needed to comply with NYSE rules before the end of the phase-in period for compliance.

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 our former director 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

Exhibit Number	Description	Form	File No.	Incorporated by Reference	Filing Date
2.1	Agreement and Plan of Merger, dated as of July 6, 2020, by and among Sunrun Inc., Viking Merger Sub, Inc. and Vivint Solar, Inc.	8-K	001-36642	2.1	July 10, 2020
3.1	Amended and Restated Bylaws	10-Q	001-36642	3.2	November 12, 2014
3.2	Amendment to Amended and Restated Bylaws	8-K	001-36642	3.1	July 10, 2020
10.1†	Loan Agreement, dated as of May 27, 2020, by and among Vivint Solar Financing Holdings 2 Borrower, LLC, the lenders party thereto and BID Administrator, LLC				
10.2†	Amendment to Credit Agreement, dated as of May 29, 2020, by and among Vivint Solar Financing VI, LLC, Bank of America, N.A. and the other parties named therein				
10.3	Support Agreement, dated as of July 6, 2020, by and among Vivint Solar, Inc., Tiger Global Investments, L.P. and Tiger Global Long Opportunities Master Fund, L.P.	8-K	001-36642	10.1	July 10, 2020
10.4	Support Agreement, dated as of July 6, 2020, by and between Sunrun Inc. and 313 Acquisition LLC	8-K	001-36642	10.2	July 10, 2020
10.5	Registration Rights Agreement, dated as of July 6, 2020, by and among Sunrun Inc., 313 Acquisition LLC, Blackstone VNT Co-Invest L.P., Blackstone Capital Partners VI L.P., Blackstone Family Investment Partnership VI-ESC L.P., Blackstone Family Investment Partnership VI L.P., Summit Partners Growth Equity Fund VIII-A, L.P., Summit Partners Growth Equity Fund VIII-B, L.P., Summit Investors I, LLC, Summit Investors I (UK), L.P. and Todd R. Pedersen	8-K	001-36642	10.3	July 10, 2020
31.1	Certification of Chief Executive Officer, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002				
31.2	Certification of Chief Financial Officer, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002				
32.1*	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				
32.2*	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				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				

Exhibit Number	Description	Form	File No.	Incorporated by Reference	Filing Date
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL 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.

† Portions of this exhibit have been omitted in accordance with Item 601(b)(10) of Regulation S-K.

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 5, 2020

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

Date: August 5, 2020

/s/ Dana Russell
Dana Russell
Chief Financial Officer, Executive Vice President, and Assistant Secretary
(Principal Financial Officer)

Exhibit 10.1

CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF PUBLICLY DISCLOSED. OMISSIONS ARE DESIGNATED AS [***].

Execution Version

LOAN AGREEMENT

dated as of May 27, 2020

by and among

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC,
as Borrower,

THE LENDERS FROM TIME TO TIME PARTY HERETO,
as Lenders,
and

BID ADMINISTRATOR LLC,
as Administrative Agent and Collateral Agent

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LOAN AGREEMENT

This LOAN AGREEMENT (this "Agreement"), is dated as of May 27, 2020, by and among VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC, a Delaware limited liability company ("Borrower"), the lenders from time to time party hereto, BID ADMINISTRATOR LLC, as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and BID ADMINISTRATOR LLC, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

RECITALS

WHEREAS, the Borrower has asked the Lenders to extend credit to the Borrower consisting of Loans (as hereinafter defined) (other than Protective Advances) in the aggregate principal amount of up to $300,000,000, and the Lenders are severally, and not jointly, willing to extend such credit to the Borrower on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; CERTAIN TERMS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below:

"Account" means, collectively, (a) any account as defined in the UCC with such additions to such term as may hereafter be made, and (b) any payment intangible as defined in the UCC with such additions to such terms as may hereafter be made, and (c) any other account receivable or other obligation to pay money. Unless otherwise stated, the term Account, when used herein, shall mean an Account of a Borrower.

"Action" has the meaning specified therefor in Section 9.12.

"Additional Amount" has the meaning specified therefor in Section 2.07(a).

"Administrative Agent" has the meaning specified therefor in the preamble hereto.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means possession, directly or indirectly, of the power to direct or cause direction of such Person's management or policies, whether through the ability to exercise voting power, by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall any Agent or any Lender be considered an "Affiliate" of the Pledgor or the Borrower.

"Agent" has the meaning specified therefor in the preamble hereto.

"Aggregate Discounted Solar Asset Balance" means, as of any date of determination, the sum of the Discounted Solar Asset Balance of all Project Subsidiaries as of such date of determination.

"Agreement" has the meaning specified therefor in the preamble hereto.

"Allocated Services Provider Fee" means, for any Project Subsidiary, the costs and expenses of such Project Subsidiary projected in the Financial Model to be payable in respect of property insurance, general and administrative costs and otherwise under the applicable maintenance services agreement and administrative services agreement.

"Applicable Prepayment Premium" means in connection with any prepayment or repayment of the Loans (including as a result of any mandatory prepayments, voluntary prepayments, payments made following acceleration of the Loans or after an Event of Default, and whether made pursuant to any proceeding under any Debtor Relief Law, whether or not a claim for such premiums are allowed in such proceeding but excluding scheduled principal payments made under Section 2.03(a) and repayment at Stated Maturity Date) (a) made on or prior to the first anniversary of the Funding Date for such Loans, an amount, if any, sufficient to achieve a MOIC of [***] to [***] on the principal amount repaid, (b) made after the first anniversary of the Funding Date for such Loans and on or prior to the second anniversary of the Funding Date for such Loans, an amount, if any sufficient to achieve a MOIC of [***] to [***] on the principal amount repaid, (c) made after the second anniversary of the Funding Date and on or prior to the 30-month anniversary of the Funding Date for such Loans, an amount, if any, sufficient to achieve a MOIC of [***] to [***] on the principal amount repaid and (d) made after the 30-month anniversary of the Funding Date for such Loans, an amount, if any, sufficient to achieve a MOIC of [***] to [***] on the principal amount repaid. For purposes of this definition, the determination of the particular Loans being prepaid or repaid for purposes of the determination of the "Funding Date for such Loans" shall be made on a first borrowed, first repaid basis. For the avoidance of doubt, the Applicable Prepayment Premium shall not be applicable to repayment of Protective Advances.

"Assignment and Acceptance" means an assignment and acceptance entered into by an assigning Lender and an assignee, and accepted by the Administrative Agent (and the Collateral Agent, if applicable), in accordance with Section 9.07 hereof and substantially in the form of Exhibit A hereto or such other form acceptable to the Administrative Agent.

"Asset Contribution Cure" has the meaning specified therefor in Section 6.03(b).

"Asset Cure Expiration Date" has the meaning specified therefor in Section 6.03(b).

"Authorized Officer" means, with respect to any Person, the chief executive officer, chief operating officer, chief financial officer, chief commercial officer, treasurer or other financial officer performing similar functions, chief legal officer, president or executive vice president of such Person.

"Availability Period" means the period from May 29, 2020 until the earlier of (a) the date on which the Commitments are fully drawn and (b) February 23, 2021.

"Available Cash" means, as of any date of determination, cash held by the Borrower in the Borrower Account *less* any Obligations required to be paid, repaid or prepaid as of such date and any taxes, registration fees, filing fees or other reasonable expenses of the Borrower incurred in the ordinary course of the Permitted Business and due and payable as of such date.

"Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time and any successor statute or any similar federal or state law for the relief of debtors.

"Bona Fide Debt Fund" means any bona fide debt fund, investment vehicle, regulated bank entity or unregulated lending entity that is primarily engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of business for financial investment purposes; provided, however, to the extent such entity is managed, sponsored or advised by any Person controlling, controlled by or under common control with any competitor as described in clause (a) of the definition of "Disqualified Institution" or any Affiliate of such competitor, no personnel involved with any investment in such Person or the management, control or operation of such Person (i) directly or indirectly makes, has the right to make or participates with others in making any investment decisions, or otherwise causing the direction of the investment policies, with respect to such debt fund, investment vehicle, regulated bank entity or unregulated lending entity or (ii) has access to any information (other than information that is publicly available) relating to the Sponsor.

"Borrower" has the meaning specified therefor in the preamble hereto.

"Borrower Account" means the account of the Borrower named "Borrower Account" listed on Schedule 6.01(o), including any sub-accounts thereof, which account shall at all times after the initial Funding Date be subject to a Control Agreement.

"Borrower Collections" means all cash, checks, notes, instruments, and other items of payment (including dividends and distributions from Subsidiaries, insurance proceeds, proceeds of cash sales, rental proceeds, and tax refunds and other than the proceeds of equity contributions made to the Borrower by the Pledgor).

"Borrower Share of Aggregate Discounted Solar Asset Balance" means, as of any date of determination, an amount equal to the Aggregate Discounted Solar Asset Balance *minus* the Investor Share of Aggregate Discounted Solar Asset Balance.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required to close.

"Capitalized Lease" means, with respect to any Person, any lease of (or other arrangement conveying the right to use) real or personal property by such Person as lessee that is required under GAAP to be capitalized on the balance sheet of such Person.

"Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalents" means any of the following types of Investments, to the extent owned by the Borrower or any of its respective Subsidiaries:

(a) Dollars;

(b) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of the U.S. government with maturities of twelve (12) months or less from the date of acquisition;

(c) certificates of deposit, time deposits and eurodollar time deposits with maturities of twelve (12) months or less from the date of acquisition, demand deposits, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any domestic or foreign commercial bank having capital and surplus of not less than $500,000,000 in the case of U.S. banks and $500,000,000 (or the Dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(d) repurchase obligations with a term of not more than sixty (60) days for underlying securities of the types described in clauses (b), (c), (f) and (g) entered into with any financial institution or recognized securities dealer meeting the qualifications specified in clause (c) above;

(e) commercial paper and variable rate notes rated at least P-2 by Moody's or at least A-2 by S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) and in each case maturing within twelve (12) months after the date of creation thereof;

(f) marketable short-term money market and similar funds having a rating of at least P-2 or A-2 from either Moody's or Standard & Poor's, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency registered with the Securities & Exchange Commission); and

(g) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an investment grade rating from either Moody's or Standard & Poor's (or, if at any time neither Moody's nor Standard & Poor's shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency registered with the Securities & Exchange Commission) with maturities of twelve (12) months or less from the date of acquisition.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes regardless of the treatment of such items under GAAP.

"Cash Sweep Trigger Event" means any Refinancing Cash Sweep Trigger Event or any New System Growth Cash Sweep Trigger Event.

"Change of Control" means each occurrence of any of the following:

(a) Sponsor or a Qualified Purchaser, directly or indirectly through Pledgor, shall cease to own a majority of the economic interests in, and to have management control of the Borrower; or

(b) the Pledgor shall cease to, directly or indirectly, beneficially and of record, own 100% of the Equity Interests of the Borrower.

"Clarke Change of Control Amendment" means that certain Second Amendment to Credit Agreement and First Amendment to Performance Guaranty and First Amendment to Facility Administration Agreement, dated as of the Closing Date, by and among Vivint Solar, Inc., a Delaware corporation, as performance guarantor, Vivint Solar Financing VI, LLC, a Delaware limited liability company, as borrower, Vivint Solar Provider, LLC, a Delaware limited liability company, as facility administrator, Bank of America, N.A., as administrative agent and as collateral agent and the lenders and the funding agents from time to time party to the Clarke Facility.

"Clarke Facility" means (a) that certain Credit Agreement, dated as of August 6, 2019 (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and in compliance with Section 6.02(k)), by and among Vivint Solar Financing VI, LLC, a Delaware limited liability company, as borrower, Bank of America, N.A., as administrative agent and collateral agent, and the lenders and funding agents from time to time party thereto, as amended by that certain First Amendment to Credit Agreement, dated as of October 28, 2019, by and among Vivint Solar Financing VI, LLC, Bank of America, N.A. and the lenders and the funding agents from time to time party thereto and (b) the Clarke Change of Control Amendment.

"Clarke Side Letter" means that certain Letter Agreement, dated as of May 27, 2020, by and among the Administrative Agent, the Collateral Agent and Bank of America, N.A., as administrative agent under the Clarke Facility.

"Clarke Upsize Amendment" means that certain Third Amendment to Credit Agreement, in substantially the form circulated by Latham & Watkins LLP at 1:41 PM ET on May 27, 2020 (with any changes thereto approved by the Required Lenders in their reasonable discretion), by and among Vivint Solar Financing VI, LLC, a Delaware limited liability company, as borrower, Bank of America, N.A., as administrative agent and collateral agent, and the lenders and funding agents from time to time party to the Clarke Facility.

"Closing Date" means the date on which all conditions precedent specified in Section 4.01 (other than those conditions with expressly solely relate to the initial Funding Date) are satisfied (or waived in accordance with Section 9.02).

"Closing Date Financial Model" means a financial model agreed to by the Borrower and the Lenders on or prior to the Closing Date demonstrating the Borrower Share of Aggregate Discounted Solar Asset Balance as of the Closing Date.

"Collateral" means all of the property and assets and all interests therein and proceeds thereof now owned or hereafter acquired by any Person upon which a Lien is granted or purported to be granted by such Person as security for all or any part of the Obligations.

"Collateral Agent" has the meaning specified therefor in the preamble hereto.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make a Loans (other than Protective Advances) to the Borrower pursuant to Section 2.01(a), in a principal amount not to exceed the amount set forth opposite such Lender's name on Annex I under the heading "Commitment".

"Consolidated LTV Ratio" means, as of any date of determination, the ratio of Total Consolidated Debt as of such date to Borrower Share of Aggregate Discounted Solar Asset Balance; provided, that, solely for purposes of calculating mandatory prepayments, and not for purposes of calculating compliance with the Section 6.03(a), if the Financing Subsidiary LTV Ratio for any Financing Subsidiary is greater than the Sizing LTV Ratio solely as a result of a refinancing or an increase in the principal amount of Permitted Subsidiary Debt, (i) the Indebtedness of such Financing Subsidiary and its Subsidiaries and (ii) Discounted Solar Asset Balance of such Financing Subsidiary shall in each case be disregarded in the calculation of Consolidated LTV Ratio.

"Contingent Indemnity Obligations" means any Obligation constituting a contingent, unliquidated indemnification obligation of the Borrower, in each case, to the extent (a) such obligation has not accrued and is not yet due and payable and (b) no claim has been made or is reasonably anticipated to be made with respect thereto.

"Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intending to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include (A) any product warranties extended in the ordinary course of business or (B) any contingent, unliquidated indemnification obligation of the Borrower to the extent that such indemnification obligation has not accrued and is not yet due and payable and no claim has been made or is reasonably anticipated to be made with respect thereto. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary

obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control Agreement" means, with respect to any deposit account or any securities account, an agreement, in form and substance reasonably satisfactory to the Collateral Agent, among the Collateral Agent, the financial institution or other Person at which such account is maintained or with which such entitlement or contract is carried and the Borrower, effective to grant "control" (as defined under the applicable UCC) over such account to the Collateral Agent.

"Credit Rating" shall mean, with respect to any Person, the rating by a Rating Agency (or any other rating agency agreed to by the Borrower and the Required Lenders) then assigned to such Person's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) and or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such Person as an issuer rating by a Rating Agency or any other rating agency approved with the consent of the Required Lenders.

"Customer" means a Person contractually obligated to make payments to the applicable Project Subsidiary under a Customer Agreement.

"Customer Agreement" means, with respect to any Project, the power purchase agreement, lease agreement or other offtake agreement for the purchase and sale of energy or lease of a solar energy system relating to such Project signed by a Customer and the Project Subsidiary that owns such Project.

"Debtor Relief Law" means the Bankruptcy Code and any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief law of the United States or other applicable jurisdiction from time to time in effect.

"Default" means an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower, or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect or

generally as it relates to other agreements in which it commits to extend credit (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within 3 Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity. Notwithstanding anything to the contrary herein, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permits such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to the Borrower and each Lender.

"Delayed Draw Commitment" means with respect to each Lender, the commitment of such Lender to make Loans on any Funding Date after the initial Funding Date, in a principal amount not to exceed the amount set forth opposite such Lender's name on Annex I under the heading "Delayed Draw Commitment".

"Delinquent Project" means in the case of a Project, the related Customer is more than 30 days past due on any portion of a contractual payment due under the related Customer Agreement; provided that such Project shall cease to be a Delinquent Project if the related Customer Agreement has been brought current, the related System has been removed and redeployed and/or the related Customer Agreement has been reassigned (or a replacement Customer Agreement executed) within 330 days after the end of such 30 day period; provided that, for the avoidance of doubt, any past due amounts owed by an original Customer after reassignment to or execution of a replacement Customer Agreement with a new Customer shall not cause the Project to be deemed to be a Delinquent Project.

"Discounted Solar Asset Balance" means, with respect to any Project Subsidiary and as of any date of determination, (a) an amount equal to the present value of the remaining and unpaid stream of Net Scheduled Payments for the Projects owned by such Project Subsidiary, based upon discounting such Net Scheduled Payments to such date at an annual rate equal to six percent (6.00%) per annum and (b) an amount equal to the present value of the remaining and unpaid Scheduled Hedged SREC Payments for such Hedged SREC Assets generated by Projects owned by such Project Subsidiary on or after such date, based upon discounting such Scheduled Hedged

SREC Payments to such date at an annual rate equal to six percent (6.00%) per annum; provided that the Discounted Solar Asset Balance in respect of any Project Subsidiary that is, or is owned by, a Tax Equity Entity that is not a Project Subsidiary as of the Closing Date shall be equal to $0 unless (A) (i) the Net Scheduled Payments in respect of such Project Subsidiary are eligible to be financed under the Clarke Facility or any Permitted Subsidiary Debt that is substantially similar thereto, or entered into in replacement thereof or (ii) the Tax Equity Documents and Material Project Documents for such Project Subsidiary and Tax Equity Entity (as applicable) are (x) substantially similar in form and substance to Tax Equity Documents and Material Project Document for any Project Subsidiary or Tax Equity Entity (as applicable) that is a Subsidiary of the Borrower as of the Closing Date; provided that such Project Subsidiary or Tax Equity Entity has not been rejected for inclusion under the Clarke Facility or any Permitted Subsidiary Debt that is substantially similar thereto, or entered into in replacement thereof or (y) otherwise in form and substance reasonably satisfactory to the Required Lenders (such approval not to be unreasonably withheld, conditioned or delayed) and (B) the Tax Equity Documents for such Tax Equity Entity permit the indirect transfer of the Equity Interests in such Tax Equity Entity owned by the Borrower upon satisfaction of customary conditions; provided, further, that the Discounted Solar Asset Balance in respect of any Pre-PTO Project that, if included in the Aggregate Discounted Solar Asset Balance based on the valuation methodology set forth in clause (a) and (b) above, would cause the Aggregate Discounted Solar Asset Balance attributable to all Pre-PTO Projects to exceed 50% of the total Aggregate Discounted Solar Asset Balance calculated solely in respect of Projects financed under the Clarke Facility or any Permitted Subsidiary Debt that is substantially similar thereto, shall be equal to $0.

"Disposition" means any transaction, or series of related transactions, pursuant to which any Person or any of its Subsidiaries sells, assigns, transfers, leases, licenses (as licensor) or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case, whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person. For purposes of clarification, "Disposition" shall include (a) the sale or other disposition for value of any contracts or (b) the early termination or modification of any contract (other than the termination or modification of Customer Agreements in the ordinary course of business consistent with past practices) resulting in the receipt by the Borrower or any of its Subsidiaries of a cash payment or other consideration in exchange for such event (other than payments in the ordinary course for accrued and unpaid amounts due through the date of termination or modification).

"Disqualified Equity Interests" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for the scheduled payments of dividends or distributions in cash, or (d) is convertible into or exchangeable for (i) Indebtedness or (ii) any other Equity Interests that would constitute Disqualified Equity Interests, in each case of clauses (a) through (d), prior to the date that is six months after the Maturity Date.

"Disqualified Institution" means (a) any competitor of the Sponsor that is not a financial institution and is engaged in the business of owning, managing, operating, maintaining or developing solar photovoltaic systems for use in residential or commercial applications and (b) (i)

any other Person identified by Borrower (or one of its Affiliates) as a "Disqualified Institution" to Lenders in writing prior to the Closing Date and set forth on Annex II hereto or (ii) subject to the prior written consent of the Lenders, any other Person identified by the Borrower (or one of its Affiliates) as a "Disqualified Institution" to the Lenders from time to time in writing and, in each case, any Affiliate of any such Person solely to the extent such Affiliate has the name of such Person in its legal name (except for an Affiliate of any such Person that is regularly involved in making passive investments in electric generating assets or other energy assets (a "Passive Investor") so long as such Passive Investor has in place procedures to prevent its Affiliates which are Persons identified as "Disqualified Institution" under this clause (b) from acquiring confidential information relating to such passive investments). Notwithstanding anything herein to the contrary, a Bona Fide Debt Fund shall not be deemed to be a Disqualified Institution.

"Distributable Proceeds" means (i) the proceeds of the Loans (other than Protective Advances), (ii) the Net Cash Proceeds of Permitted Subsidiary Debt (after giving effect to any mandatory prepayment required pursuant to Sections 2.05(c)(iv) or 2.05(c)(viii)) and (iii) the proceeds of capital contributions made by any Tax Equity Investor.

"Dollar," "Dollars" and the symbol "$" each means lawful money of the United States of America.

"Eligible Assignee" means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having tangible net worth in excess of $100,000,000, (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country and which has tangible worth in excess of $100,000,000, provided that such bank is acting through a branch or agency located in the United States, (c) a finance company, insurance company, or other financial institution that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business and having (together with its Affiliates) having tangible net worth in excess of $100,000,000, (d) a fund that is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business (it being understood that such activity does not need to constitute such entity's primary business) having tangible net worth in excess of $100,000,000, or (e) a Lender, or an Affiliate or Related Fund of a Lender, in each case, so long as such entity has tangible net worth in excess of $100,000,000.

"Employee Plan" means any employee pension benefit plan (as defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA or Section 412 of the Internal Revenue Code and is sponsored or maintained by Borrower or any ERISA Affiliate or to which Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or has contributed or had an obligation to contribute at any time during the preceding five plan years.

"Environmental Actions" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter or other communication from any Person or Governmental Authority involving violations of Environmental Laws or Releases of Hazardous Materials (a) from any assets, properties or businesses owned or operated by the Borrower or any of its Subsidiaries or any predecessor in interest; (b) from adjoining properties or businesses; or (c) onto any facilities which received

Hazardous Materials generated by the Borrower or any of its Subsidiaries or any predecessor in interest.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Federal Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as such laws may be amended or otherwise modified from time to time, and any other Requirements of Law, permit, license or other binding determination of any Governmental Authority imposing liability or establishing standards of conduct for protection of the environment or other government restrictions relating to the protection of the environment or the Release, deposit or migration of any Hazardous Materials into the environment.

"Environmental Liabilities and Costs" means all liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any Governmental Authority or any third party, and which relate to any environmental condition or a Release of Hazardous Materials from or onto (a) any property presently or formerly owned by the Borrower or any of its Subsidiaries or (b) any facility which received Hazardous Materials generated by the Borrower or any of its Subsidiaries.

"Equity Contribution Cure" has the meaning specified therefor in Section 6.03(b).

"Equity Cure Expiration Date" has the meaning specified therefor in Section 6.03(b).

"Equity Interests" means (a) any shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting and (b) any securities convertible into or exchangeable for any of the foregoing and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any of the foregoing, whether or not presently convertible, exchangeable or exercisable.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

"ERISA Event" means (a) a Reportable Event with respect to an Employee Plan; (b) withdrawal of Borrower or any ERISA Affiliate from an Employee Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations with respect to Borrower or an ERISA Affiliate

that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) complete or partial withdrawal of Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; (d) filing by Borrower or an ERISA Affiliate of a notice of intent to terminate an Employee Plan under Section 4041(c) of ERISA, treatment of an Employee Plan amendment as a termination under Section 4041(c) of ERISA, or institution of proceedings by the PBGC to terminate an Employee Plan; (e) determination that an Employee Plan is in "at-risk" status under Section 430 of the Code or Section 303 of ERISA or that a Multiemployer Plan is in "critical" or "endangered" status under Section 432 of the Code or Section 305 of ERISA; (f) an event or condition that is reasonably expected to constitute grounds under Section 4042 of ERISA for termination of, or appointment of a trustee to administer, any Employee Plan; or (g) failure by Borrower or any ERISA Affiliate to meet the minimum funding standards under Sections 412 and 430 of the Code and Sections 302 and 303 of ERISA in respect of an Employee Plan, whether or not waived, or to make a required contribution to a Multiemployer Plan.

"Event of Default" has the meaning specified therefor in Section 7.01.

"Event of Loss" means a loss that is deemed to have occurred with respect to a System if such System is damaged or destroyed by fire, theft or other casualty and such System has become inoperable because of such event.

"Excess Cash Flow" means, with respect to any Quarterly Period, all Borrower Collections actually received by the Borrower during such Quarterly Period (other than Distributable Proceeds), *net of* amounts applied to an optional prepayment of Loans in accordance with Section 2.05(b) during such Quarterly Period, amounts required be applied to a mandatory prepayment of the Loans in accordance with Section 2.05(c) during such Quarterly Period, amounts required to be used to repay the Obligations (including scheduled principal payments and interest on the Loans) during such Quarterly Period and the amounts required to pay any taxes, registration fees, filing fees or other reasonable expenses of the Borrower incurred in the ordinary course of the Permitted Business during such Quarterly Period.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.07, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.07(d) and (d) any Taxes imposed under FATCA.

"Executive Order No. 13224" means the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Extraordinary Receipts" means any cash received by the Borrower or any of its Subsidiaries not in the ordinary course of business (and not consisting of proceeds described in Section 2.05(c)(iii) or (iv) hereof), including (a) foreign, United States, state or local tax refunds, (b) pension plan reversions, (c) proceeds of insurance, (d) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (e) condemnation awards (and payments in lieu thereof), (f) indemnity payments (other than to the extent such indemnity payments are (i) immediately payable to a Person that is not an Affiliate of the Borrower or any of its Subsidiaries (except in connection with a transaction permitted under this Agreement) or (ii) received by the Borrower or any of its Subsidiaries as reimbursement for any costs previously incurred or any payment previously made by such Person or in respect of System production guarantees provided to the Borrower or any of their Subsidiaries in the ordinary course of business) and (g) any purchase price adjustment received in connection with any purchase agreement. For the avoidance of doubt, the term "Extraordinary Receipts" shall not include any preferred distributions or other similar payments to Tax Equity Investors.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Internal Revenue Code.

"FCPA" has the meaning specified therefor in Section 5.01(u).

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Fee Letters" means each fee letter, dated as of the Closing Date, between the Borrower and each Lender.

"Financial Model" shall mean the Closing Date Financial Model or Updated Financial Model.

"Financing Subsidiary" means any Subsidiary of the Borrower that is a borrower in respect of Permitted Subsidiary Debt.

"Financing Subsidiary LTV Ratio" means, as of any date with respect to any Financing Subsidiary, the ratio of (i) the aggregate outstanding amount of Indebtedness of such Financing Subsidiary and its Subsidiaries as at such date minus the sum of all restricted cash and Cash Equivalents of such Financing Subsidiary and its Subsidiaries at that date to (ii) Discounted Solar Asset Balance of all Project Subsidiaries owned by such Financing Subsidiary and its Subsidiaries.

"Fiscal Year" means the fiscal year of the Borrower and its Subsidiaries, or of Vivint Solar and its Subsidiaries, as the case may be, ending on December 31 of each year.

"Fitch" shall mean Fitch Ratings, Inc. (or any successor to its ratings business).

"Funding Date" means a date on which Loans (other than Protective Advances) are borrowed; provided that, in no event shall a Funding Date occur later than the end of the Availability Period.

"Funds Flow Memorandum" means the memorandum, in form and substance reasonably satisfactory to the Lenders, describing the sources and uses of all cash payments in connection with the transactions contemplated to occur on the initial Funding Date.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis; provided that for the purpose of Section 6.03 hereof, and the definitions used therein, "GAAP" shall mean generally accepted accounting principles in effect on the date hereof and consistent with those used in the preparation of the Financial Statements (except with respect to accounting changes required by Borrower's accountants and disclosed to the Agents prior to the Closing Date), provided further that, if there occurs after the date of this Agreement any change in GAAP that affects in any respect the calculation of the covenant contained in Section 6.03(a) hereof, the Collateral Agent and the Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrower after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the covenant in Section 6.03(a) hereof shall be calculated as if no such change in GAAP has occurred.

"Governing Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization, and the operating agreement; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture, declaration or other applicable agreement or documentation evidencing or otherwise relating to its formation or organization, governance and capitalization; and (d) with respect to any of the entities described above, any other agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization.

"Governmental Authority" means any nation or government, any Federal, state, city, town, municipality, county, local or other political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Group Members" means the Pledgor, the Borrower and each of its Subsidiaries (including the Project Subsidiaries).

"Hazardous Material" means (a) any element, compound or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, or solid waste under Environmental Laws or that is likely to cause immediately, or at some future time, harm to or have an adverse effect on, the environment or risk to human health or safety, including any pollutant, contaminant, waste, hazardous waste, toxic substance or dangerous good which is defined or identified in any Environmental Law and which is present in the environment in such quantity or state that it contravenes any Environmental Law; (b) petroleum and its refined products; (c) polychlorinated biphenyls; (d) any substance exhibiting a hazardous waste characteristic, including corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials; and (e) any raw materials, building components (including asbestos-containing materials) and manufactured products containing hazardous substances listed or classified as such under Environmental Laws.

"Hedged SREC Assets" means any Qualified Contracted SRECs and Qualified Spot SRECs.

"Hedging Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement, excluding any forward sale of solar energy credits or solar energy certificates.

"Highest Lawful Rate" means, with respect to any Agent or any Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations under laws applicable to such Agent or such Lender which are currently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"Holdout Lender" has the meaning specified therefor in Section 9.02(b).

"Indebtedness" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables or other accounts payable incurred in the ordinary course of such Person's business and not outstanding for more than 90 days after the date such payable was created and any earn-out, purchase price adjustment or similar obligation until such obligation appears in the liabilities section of the balance sheet of such Person); (c) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (d) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property; (e) all Capitalized Lease Obligations of such Person; (f) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities; (g) all obligations and liabilities, calculated on a basis satisfactory to the

Collateral Agent and in accordance with accepted practice, of such Person under Hedging Agreements; (h) all monetary obligations under any receivables factoring, receivable sales or similar transactions and all monetary obligations under any synthetic lease, tax ownership/operating lease, off-balance sheet financing or similar financing; (i) all Contingent Obligations; (j) all Disqualified Equity Interests; and (k) all obligations referred to in clauses (a) through (j) of this definition of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

"Indemnified Matters" has the meaning specified therefor in Section 9.15.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning specified therefor in Section 9.15.

"Initial Commitment" means with respect to each Lender, the commitment of such Lender to make a Loan on the initial Funding Date, in a principal amount not to exceed the amount set forth opposite such Lender's name on Annex I under the heading "Initial Commitment".

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of any Debtor Relief Law.

"Interest Rate" a rate per annum equal to 8.00%.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended (or any successor statute thereto) and the regulations thereunder.

"Investment" means, with respect to any Person, (a) any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances or other extensions of credit, capital contributions or acquisitions of Indebtedness (including, any bonds, notes, debentures or other debt securities), purchase of Equity Interests, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), (b) the purchase or ownership of any futures contract or liability for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or (c) any investment in any other items that are or would be classified as investments on a balance sheet of such Person prepared in accordance with GAAP.

"Investor Share of Aggregate Discounted Solar Asset Balance" means, as of any date of determination, an amount equal to the greater of (i) the present value of the remaining and unpaid stream of Scheduled Investor Distributions on or after such date, based upon discounting such Scheduled Investor Distributions to such date, at an annual rate equal to six percent (6.00%) per annum; and (ii) $0.

"Knowledge" means, with respect to the Borrower, the actual knowledge, after reasonable inquiry, of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer,

the Chief Commercial Officer and the Chief Legal Officer of the Borrower, as applicable; provided, however, that for matters relating to a Customer, "Knowledge of the Borrower" shall be limited to the representations and warranties made by such Customer in the Customer Agreement, without the Borrower undertaking further inquiry or due diligence. Any notice delivered to the Borrower by a Lender shall provide the Borrower with Knowledge of the facts included therein.

"Lender" means each Person designated as a Lender on the signature pages hereto or that subsequently becomes a Lender after the Closing Date in accordance with Section 9.07 pursuant to an Assignment and Acceptance.

"Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security.

"Limited Step-up Event" means (a) any event set forth in the Governing Documents of a Tax Equity Entity that adjusts the amount or ratio that the related Tax Equity Investor will receive of the distributable cash of such Tax Equity Entity that otherwise would be payable to the related Subsidiary of the Borrower that is a member in such Tax Equity Entity or (b) any event set forth in the Permitted Subsidiary Debt Documents other than those in respect of Permitted Subsidiary Debt set forth in clause (b) or (d) of the definition thereof (other than an event that constitutes a Subsidiary Distribution Block) that adjusts the percentage of excess cash of the related Financing Subsidiary that is required to be swept to prepay the Indebtedness related under such Permitted Subsidiary Debt Documents.

"Loan" means (a) a loan made in respect of a Lender's Commitment in accordance with Section 2.01(a)(i) and (b) a Protective Advance.

"Loan Agreement" means this Loan Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"Loan Document" means this Agreement, any Note, any Fee Letter, the Security Documents and any other agreement, instrument, certificate, report and other document executed and delivered pursuant hereto or thereto or otherwise evidencing or securing any Loan or any other Obligation.

"LTV Compliance Certificate" has the meaning assigned to such term in Section 6.01(a)(iv).

"LTV Conditions" means that at the relevant date of measurement, the Consolidated LTV Ratio is equal to or less than the Sizing LTV Ratio.

"Material Adverse Effect" means a material adverse effect on any of (a) the operations, assets, liabilities or financial condition of the Borrower and its Subsidiaries (taken as a whole), (b) the ability of the Borrower to fully and timely perform any of its payment obligations under the Loan Documents, (c) the legality, validity or enforceability of this Agreement or any other Loan Document, (d) the rights and remedies of any Secured Party under any Loan Document, or (e) the

validity, perfection or priority of a Lien or Liens in favor of the Collateral Agent for the benefit of the Secured Parties on Collateral having a fair market value individually or in the aggregate in excess of $500,000.

"Material Project Documents" means (a) the documents set forth on Schedule 5.01(s) hereto as of the Closing Date under the heading "Material Project Documents" or in the supplement to such Schedule delivered pursuant to Section 6.01(n), and any successor, substitute or replacement documents therefor and (b) any other master engineering, procurement and construction agreement or comparable agreement, maintenance services agreement, administrative services agreement, management agreement, backup servicing agreement addendum or transition management agreement addendum or SREC transfer agreement entered into after the Closing Date that are on terms substantially consistent with the Material Project Document in effect as of the Closing Date or otherwise on terms fair and reasonable to the applicable Subsidiary of the Borrower party thereto (taken as a whole) or (including, in each case, all material amendments, modifications, supplements, waivers and consents with respect thereto).

"Maturity Date" means the earlier of (a) the third anniversary of the Closing Date (or the prior Business Day if such date is not a Business Day) (the "Stated Maturity Date") and (b) the date all Obligations shall become due and payable in full hereunder, whether by acceleration or otherwise.

"Maximum Consolidated LTV Ratio" means a Consolidated LTV Ratio of 90%; as reduced by 1% for each $50 million of proceeds from Permitted Subsidiary Debt that has been applied to mandatorily prepay the Loans pursuant to Section 2.05(c)(iv), upon the application of such prepayment; provided, that if the Maximum Consolidated LTV Ratio is greater than 88% on the first anniversary of the Closing Date, the Maximum Consolidated LTV Ratio shall be reduced to 88% on such date and if the Maximum Consolidated LTV Ratio is greater than 86% on the second anniversary of the Closing Date, the Maximum Consolidated LTV Ratio shall be reduced to 86% on such date.

"Minor Permitted Subsidiary Debt" means any Permitted Subsidiary Debt in respect of which the Discounted Solar Asset Balance of all Project Subsidiaries owned by the related Financing Subsidiary and its Subsidiaries is equal to less than 15% of the Aggregate Discounted Solar Asset Balance.

"MOIC" means, (a) for any Loans repaid or prepaid (other than scheduled principal payments or repayment at Stated Maturity), a multiple of invested capital based on (i) the sum of all fees, original issue discount, interest (other than default interest), premiums, principal (including scheduled payments and the repayment or prepayment of such on the applicable date of determination) and other payments received in cash by the Lenders in respect such Loans being repaid or prepaid since the Funding Date, excluding (x) any repayment or prepayment of Protective Advances or any interest paid on Protective Advances and (y) any Liquidated Damages (as defined in the Sponsor Side Letter) to the extent payable pursuant to Section 6.01(q)), as the numerator and (ii) the principal amount of such Loans being repaid or prepaid as of such date, as the denominator.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Net Cash Proceeds" means, with respect to any issuance or incurrence of any Indebtedness, any Disposition or the receipt of any Extraordinary Receipts by any Person or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (a) the amount of any Indebtedness which is required to be, and is, repaid in connection therewith (other than Indebtedness under this Agreement), (b) reasonable fees and expenses (including any breakage costs) related thereto incurred by such Person or such Subsidiary in connection therewith, (c) transfer taxes paid or determined to be payable to any taxing authorities by such Person or such Subsidiary in connection therewith, (d) net income taxes paid or determined to be payable in connection therewith (after taking into account any tax credits or deductions and any tax sharing arrangements), and (e) the amount of any reasonable reserve established in accordance with GAAP against any obligation to make earn-out or other contingent payments (including purchase price adjustments and indemnity obligations), provided that, upon the release of any such reserve, the amount released shall be considered Net Cash Proceeds, in each case, to the extent, but only to the extent, that the amounts so deducted are (i) actually paid to a Person that, except in the case of reasonable out-of-pocket expenses, is not an Affiliate of such Person or any of its Subsidiaries and (ii) properly attributable to such transaction or to the asset that is the subject thereof.

"Net Scheduled Payments" means for any calendar month with respect to a Project, an amount equal to (a) the Scheduled Customer Payment for such Project (except for a Delinquent Project or Terminated Project, each of which shall have a Scheduled Customer Payment of $0) during such calendar month *plus* proceeds projected to be received by the Project Subsidiary that owns such Project during such calendar month under the Massachusetts "SMART Program" (or the Connecticut Green Bank's Residential Solar Investment Program or the successor solar incentive program in New Jersey (so long as the revenues under such programs are eligible to be financed under the Clarke Facility or any Permitted Subsidiary Debt that is substantially similar thereto)) in respect of such Project *minus* (b) the Allocated Services Provider Fee for such calendar month. The Net Scheduled Payments are based on Scheduled Customer Payments only and, for the avoidance of doubt, does not include Scheduled Hedge SREC Payments or proceeds from the sale of any other SRECs.

"New System Growth Cash Sweep Trigger Event" means the failure of the Sponsor to cause at least [***] of the Projects (determined on a STC DC nameplate MW basis) that are transferred to tax equity vehicles by Sponsor or any of its Affiliates or Subsidiaries in any Measurement Period to be Borrower Projects (as defined in the Sponsor Side Letter) (after the lapse of the cure period set forth in the Sponsor Side Letter).

"Non-Recourse" means, with respect to any Indebtedness, neither the Borrower nor the Pledgor has any Contingent Obligation or other liability for such Indebtedness and no property of the Borrower or Pledgor is included in the collateral for such Indebtedness.

"Non-U.S. Lender" has the meaning specified therefor in Section 2.07(d).

"Notice of Borrowing" has the meaning specified therefor in Section 2.02(a).

"Obligations" means all present and future indebtedness, obligations, and liabilities of the Borrower to the Agents and the Lenders arising under or in connection with this Agreement or any other Loan Document, whether or not the right of payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured, unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 7.01. Without limiting the generality of the foregoing, the Obligations of the Borrower under the Loan Documents include (a) the obligation (irrespective of whether a claim therefor is allowed in an Insolvency Proceeding) to pay principal, interest, charges, expenses, fees, premiums, attorneys' fees and disbursements, indemnities and other amounts payable by such Person under the Loan Documents, and (b) the obligation of such Person to reimburse any amount in respect of any of the foregoing that any Agent or any Lender (in its sole discretion) may elect to pay or advance on behalf of such Person.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Documents" means, with respect to each Project Subsidiary, the Customer Agreements, interconnection agreements and all other material contracts relating to Systems in a Project Subsidiary.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Participant Register" has the meaning specified therefor in Section 9.07(i).

"Payment Date" means the last business day of each February, May, August and November; provided, that the first Payment Date shall be August 31, 2020.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Business" means the business as described in Section 5.01(l).

"Permitted Disposition" means:

(a) any involuntary loss, damage or destruction of property;

(b) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property;

(c) sales, assignments, transfers or dispositions of obsolete, worn-out or replaced property or assets not used or useful in its business;

(d) leases of Systems to Customers in the ordinary course of business;

(e) transfers of Systems to Customers or purchasers of host sites whether pursuant to the terms of the underlying Customer Agreement or in connection with a work-out of a default thereunder in the ordinary course of business;

(f) transfers, assignments or leases of System to any Project Subsidiary;

(g) transfers of purchased assets (including Systems or any component thereof) back to the sellers or originators thereof (or any designee of such seller or originator) pursuant to repurchase or put rights granted to an Subsidiary in the purchase agreement or related transaction documents in the event the purchased assets do not satisfy specified criteria;

(h) sales of SRECs pursuant to a SREC Agreement, the applicable Material Project Documents or otherwise in the ordinary course of business;

(i) sales of property from which 100% of the Net Cash Proceeds are applied to make a prepayment of the Loans (including the Applicable Prepayment Premium) pursuant to Section 2.05(c)(ii);

(j) to the extent constituting a Disposition, any issuance of Equity Interests in any Tax Equity Entity to a Tax Equity Investor or to a Subsidiary of the Borrower in accordance with the Permitted Business and the applicable Tax Equity Documents; and

(k) any transfer, assignment or contribution of the Equity Interests in any Person (including any Tax Equity Entity or Project Subsidiary) that are contributed to the Borrower by the Pledgor after the Closing Date.

"Permitted Indebtedness" means:

(a) any Indebtedness owing to any Agent or any Lender under this Agreement and the other Loan Documents;

(b) the incurrence of Indebtedness by a Financing Subsidiary under Hedging Agreements that is incurred for the bona fide purpose of hedging the interest rate risks associated with such Person's business and not for speculative purposes;

(c) unsecured trade payables which are not evidenced by a note or are otherwise indebtedness for borrowed money and which arise out of purchases of goods or services in the ordinary course of business; provided, however, such trade payables are payable not later than ninety (90) days after the original invoice date and are not overdue by more than thirty (30) days;

(d) operating deficit loans and member loans to Subsidiaries made in accordance with the applicable Tax Equity Documents; and

(e) Permitted Subsidiary Debt.

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents;

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;

(c) Investments existing on the date hereof, as set forth on Schedule 6.02(e) hereto, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof;

(d) Investments in Subsidiaries comprised of (i) a transfer, assignment or lease of a System to a Project Subsidiary, (ii) cash or other assets (other than Systems) transferred to a Project Subsidiary, solely for the purpose of complying with the obligations of such Project Subsidiary under the Material Project Documents to which it is a party or (iii) other funding to any Subsidiary for the payment of expenses pursuant to a Material Project Document, or Tax Equity Document or otherwise in accordance with the Permitted Business (including member loans from a Subsidiary to a Project Subsidiary);

(e) Investments in Hedging Agreements permitted under Section 6.02(b);

(f) other Investments in Project Subsidiaries and Tax Equity Entities (including Project Subsidiaries or Tax Equity Entities formed or acquired after the Closing Date) in accordance with the Permitted Business and Tax Equity Documents; provided that any obligation of the Borrower or any of its Subsidiaries to make capital contributions to such Project Subsidiary or Tax Equity Entities is unconditionally guaranteed by the Sponsor;

(g) Investments consisting of capital contributions made by the Borrower or any of its Subsidiaries, in each case with amounts that would otherwise qualify to be applied to a Permitted Restricted Payment or the proceeds of capital contributions made to the Borrower, directly or indirectly, by the Sponsor or, to any of its or their direct Subsidiaries, that are applied to Investments described under the foregoing clause (f);

(h) Investments consisting of ownership of the Equity Interests in Subsidiaries in accordance with the Permitted Business; and

(i) Investments constituting a Permitted Disposition.

"Permitted Liens" means:

(a) Liens securing the Obligations;

(b) Liens for taxes, assessments and governmental charges (i) that are not yet due or (ii) that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted (and enforcement of such Lien shall have been stayed) so long as (A) the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security and (B) payment thereof is promptly made after resolution of such conflict;

(c) judgment liens (other than for the payment of taxes, assessments or other governmental charges) securing judgments and other proceedings not constituting an Event of Default under Section 7.01(j);

(d) Liens on any SREC in favor of a counterparty under a SREC Agreement resulting from the nature of the related SREC Agreement as a forward contract;

(e) in the case of the Project Subsidiaries, mechanics', materialmen's, repairmen's and other similar liens arising in the ordinary course of business or incident to the construction, improvement or restoration of a System in respect of obligations (i) that are not yet due or (ii) that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted (and enforcement of such Lien shall have been stayed) so long as the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security;

(f) in the case of the Project Subsidiaries, minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and that are not incurred to secure Indebtedness and encumbrances, licenses, restrictions on the use of property or minor imperfections in title that do not materially impair the property affected thereby for the purpose for which title was acquired or interfere with the operation and maintenance of a System;

(g) Liens arising as a matter of law;

(h) rights of set-off or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business;

(i) Liens securing Permitted Subsidiary Debt; provided that such Lien does not extend to or encumber property in the definition of Non-Recourse; and

(j) in respect of the Project Subsidiaries, Liens permitted without consent under the terms of the Tax Equity Documents and the applicable Permitted Subsidiary Debt Documents to the extent not included in clauses (a) through (h) of this definition of "Permitted Liens" that (i) have been approved in writing by the Required Lenders or (ii) when taken together, could not reasonably be expected to result in a material adverse effect upon the business, operations, assets or condition (financial or otherwise) of any individual Project Subsidiary.

"Permitted Restricted Payments" means any Restricted Payments made by:

(a) any Project Subsidiary to a Subsidiary other than another Project Subsidiary;

(b) any Subsidiary to the Borrower;

(c) any Subsidiary to another Subsidiary that directly owns such Subsidiary, or any Tax Equity Investor as required pursuant to the applicable Tax Equity Documents;

(d) Borrower with Distributable Proceeds, so long as no Default or Event of Default shall have occurred and be continuing on the effective date of such Restricted Payment; and

(e) Borrower with Available Cash; provided, that in either case, (i) an Authorized Officer of the Borrower shall deliver to the Lenders, at least three Business Days prior to the payment of such Restricted Payments, an executed certificate (a "Restricted Payment Certificate") certifying the following (with reasonably detailed calculations consistent with the methodology used in the Financial Model demonstrating compliance with clause (x)): (x) both before and after giving pro forma effect to such Restricted Payment, the LTV Conditions shall be satisfied (calculated as of a date not more than three (3) Business Days prior to the payment of such Restricted Payment), (y) no Default or Event of Default shall have occurred and be continuing and (z) no Subsidiary Distribution Block shall have occurred and be continuing and (ii) prior to the proposed date of the Restricted Payment, the Lenders shall have the ability to dispute the related calculation demonstrating pro forma compliance with the LTV Conditions in writing (it being understood that the parties shall work in good faith to resolve any such dispute and no such Permitted Restricted Payments are permitted during the pendency of such dispute); provided, that, any portion of the proposed Restricted Payment not subject to dispute shall be permitted to be made on the proposed date of the Restricted Payment.

"Permitted Subsidiary Debt" means (a) Indebtedness under the Volta Facility, (b) Indebtedness issued pursuant to that certain Note Purchase Agreement, dated as of June 4, 2018 (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and in compliance with Section 6.02(k)), by and among Vivint Solar Financing V, LLC, a Delaware limited liability company, Credit Suisse Securities (USA) LLC, Citigroup Global Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and SunTrust Robinson Humphrey, Inc. and subject to that certain Indenture, dated as of June 11, 2018 (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and in compliance with Section 6.02(k)), by and between Vivint Solar Financing V, LLC and Wells Fargo Bank, National Association, (c) Indebtedness under the Clarke Facility, (d) Indebtedness issued pursuant to that certain Note Purchase Agreement, dated as of June 11, 2018 (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and in compliance with Section 6.02(k)), by and between Vivint Solar Financing IV, LLC, a Delaware limited liability company, and GIFS Capital Company, LLC and subject to that certain Indenture, dated as of June 11, 2018 (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and in compliance with Section 6.02(k)), by and between Vivint Solar Financing IV, LLC and Wells Fargo Bank, National Association, and (e) any other any Indebtedness of a Subsidiary of the Borrower that satisfies the following criteria: (i) such Indebtedness must have a Weighted Average Life to Maturity and a scheduled maturity date no earlier than the Stated Maturity Date, (ii) after giving pro forma effect to the Indebtedness and any required mandatory prepayment with the proceeds of such Indebtedness required hereunder, the LTV Conditions are satisfied, (iii) at the time of incurrence

thereof, no Default or Event of Default shall have occurred and be continuing or would result therefrom, and (iv) such refinancing shall be Non-Recourse.

"Permitted Subsidiary Debt Documents" means the documents constituting the "Loan Documents," "Financing Documents," "Transaction Documents" or analogous term governing Permitted Subsidiary Debt.

"Person" means an individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other enterprise or entity or Governmental Authority.

"Pledge Agreement" means the Pledge Agreement, dated as of the date hereof, made by the Pledgor in favor of the Collateral Agent for the benefit of the Secured Parties securing the Obligations.

"Pledgor" means Vivint Solar Financing Holdings 2 Borrower Parent, LLC, a Delaware limited liability company.

"Post-Default Rate" means a rate per annum equal to 10.00%.

"Pre-PTO Project" means a Project with respect to which the related System has been installed in compliance with applicable law in effect at the time of such installation but which System has not yet achieved PTO; provided that no more than 180 days have passed since the installation of such System was completed.

"Pro Rata Share" means, with respect to:

(a) a Lender's right to receive payments of interest, fees, and principal with respect the Loans, the percentage obtained by dividing (i) such Lender's unpaid principal amount of the Loans, by (ii) the aggregate unpaid principal amount of all Loans,

(b) a Lender's obligation to make Loans, the percentage obtained by dividing (i) such Lender's undrawn Commitment, by (ii) the sum of the aggregate undrawn Commitments, and

(c) all other matters (including the indemnification obligations arising under Section 8.05), the percentage obtained by dividing (i) the sum of such Lender's undrawn Commitments and the unpaid principal amount of such Lender's portion of the Loans by (ii) the sum of the undrawn Commitments of all Lenders and the aggregate unpaid principal amount of the Loans.

"Project" means a System installed on a Customer's property and (a) used or to be used to generate electricity for sale to such Customer or (b) leased to a Customer, in each case under a Customer Agreement, the associated rights under such Customer Agreement, and all other related rights to the extent applicable thereto, including all parts and manufacturer's warranties and rights to access Customer data, and all permits and real property rights and other rights with respect to such Customers' real property contained in such Customer Agreement necessary for the operation of the System and the lease of the System to the Customer or sale of electricity pursuant to the

related Customer Agreement, as applicable, and all rights pursuant to any related Environmental Attributes and Rebates (in each case as defined in the applicable master engineering, procurement and construction agreement pursuant to which the Project was transferred to the Project Subsidiary).

"Project Documents" means, with respect to a Project Subsidiary, the Material Project Documents and Other Documents of such Project Subsidiary.

"Project Subsidiary" means any Subsidiary of the Borrower that directly owns a Project.

"PTO" means, with respect to a System, the receipt of permission to operate from the related local utility in writing or in such other form as is customarily given by the related local utility.

"Purchase Option" means, with respect to the Governing Documents of any Tax Equity Entity, the right of any Subsidiary of the Borrower or its designated Affiliate to purchase the related Tax Equity Investor's interest such Subsidiary, as applicable.

"Qualified Contracted SREC" means any SREC produced by a Project Subsidiary that is transferred to a SREC Subsidiary and sold by such SREC Subsidiary pursuant to a Qualified SREC Agreement or required to be delivered in connection with a Qualified SREC Agreement.

"Qualified Contracted SREC True-Up Amount" means, upon the occurrence of a SREC Production Event, the positive difference, if any, of (i) the sum of the Discounted Solar Asset Balances of each related Project Subsidiary immediately prior to such SREC Production Event, *less* (ii) the sum of the Discounted Solar Asset Balances of each related Project Subsidiary immediately after such SREC Production Event.

"Qualified Manager" means a Person that (a) has the Requisite Experience, and (b) either (i) has (A) a Credit Rating of at least two of three of (1) "BBB-" or higher by Standard & Poor's, (2) "BBB-" or higher by Fitch and (3) "Baa3" or higher by Moody's or (B) a tangible net worth of at least $300,000,000, or (ii) has a direct or indirect parent with (A) of at least two of three of (1) "BBB-" or higher by Standard & Poor's, (2) "BBB-" or higher by Fitch and (3) "Baa3" or higher by Moody's, or (B) a tangible net worth of at least $300,000,000; provided that if such Person (or such parent) is also rated by a third rating agency, it is not rated lower than "BBB-" with a stable outlook in the case of Standard & Poor's or Fitch, or below "Baa3" with a stable outlook in the case of Moody's; provided, that (x) such Person can satisfy the Requisite Experience by engaging an Affiliate or third-party service provider who has the Requisite Experience and (y) any Person controlled by a Person that can satisfy the Requisite Experience shall be deemed to satisfy the Requisite Experience.

"Qualified Purchaser" means a Person (other than Sponsor or its Affiliates) that purchases the direct or indirect Equity Interests in Pledgor that is a Qualified Manager and that has certified at the time it acquires such direct or indirect Equity Interests in Pledgor that it intends to hold such interests and not treat them "as available for sale" or equivalent for accounting purposes.

"Qualified Spot SREC" means SRECs that qualify for the Massachusetts SREC I program or the Massachusetts SREC II program.

"Qualified SREC Agreement" means any SREC Agreement between a SREC Subsidiary and a Qualified SREC Counterparty, including any parent guaranties provided by a Qualified SREC Counterparty or its affiliates associated with such SREC Agreement.

"Qualified SREC Counterparty" means a Person (i) that has a Credit Rating of at least "BBB-" or higher by Standard & Poor's or Fitch or "Baa3" or higher by Moody's or (ii) whose obligations under a SREC Agreement are guaranteed by a Person that has Credit Rating of at least "BBB-" or higher by Standard & Poor's or Fitch or "Baa3" or higher by Moody's; provided that if such Person (or such guarantor) is also rated by another ratings agency, it is not rated lower than BBB- with a stable outlook in the case of Standard & Poor's or Fitch, or below Baa3 with a stable outlook in the case of Moody's; provided, further, that if such Person is the defaulting party with respect to an "Event of Default" (or any equivalent event, however defined) under the related Qualified SREC Agreement that is not subject to good faith dispute between the applicable SREC Subsidiary and such Person, such Person shall not be considered a "Qualified SREC Counterparty".

"Quarterly Compliance Certificate" has the meaning assigned to such term in Section 6.01(a)(iii).

"Quarterly Period" means the three-month period ending on the last day of each February, May, August and November.

"Rating Agency" shall mean Standard & Poor's, Moody's or Fitch.

"Recipient" means any Agent or any Lender, as applicable.

"Refinancing Cash Sweep Trigger Event" has the meaning specified therefor in Section 2.05(c)(viii).

"Register" has the meaning specified therefor in Section 9.07(f).

"Registered Loans" has the meaning specified therefor in Section 9.07(f).

"Regulation T", "Regulation U" and "Regulation X" mean, respectively, Regulations T, U and X of the Federal Reserve Board or any successor, as the same may be amended or supplemented from time to time.

"Related Fund" means, with respect to any Person, an Affiliate of such Person, or a fund or account managed by such Person or an Affiliate of such Person.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the indoor or outdoor environment, including the movement of Hazardous Materials through or in the ambient air, soil, surface or ground water, or property.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (b) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (c) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (d) perform any other actions authorized by 42 U.S.C. § 9601.

"Replacement Lender" has the meaning specified therefor in Section 3.04(c).

"Reportable Event" means an event described in Section 4043(c) of ERISA (other than an event not subject to the provision for 30-day notice to the PBGC under the regulations promulgated under such Section).

"Required Lenders" means Lenders whose Pro Rata Shares (calculated in accordance with clause (c) of the definition thereof) aggregate at least 50.1%.

"Requirements of Law" means, with respect to any Person, collectively, the common law and all federal, state, provincial, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case that are applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Requisite Experience" shall mean a person that has, for a period of at least three (3) consecutive years within the five (5) years immediately prior to the date of determination, operated at least (a) 500 megawatts of energy generation facilities (of which at least 75 megawatts are residential or commercial solar distributed generation capacity) or (b) 150 megawatts of total aggregate solar distributed generation capacity (of which at least 50 megawatts are residential or commercial solar distributed generation capacity).

"Reserve Percentage" means, on any day, for any Lender, the maximum percentage prescribed by the Federal Reserve Board (or any successor Governmental Authority) for determining the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities") of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

"Restricted Payment" means (a) the declaration or payment of any dividend or other distribution, direct or indirect, on account of any Equity Interests of any Person or any of its Subsidiaries, now or hereafter outstanding, (b) the making of any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests of any Person or any direct or indirect parent of any Person, now or hereafter outstanding, (c) the making of any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Equity Interests of any Person, now or hereafter outstanding, (d) the return

of any Equity Interests to any shareholders or other equity holders of any Person or any of its Subsidiaries, or make any other distribution of property, assets, shares of Equity Interests, warrants, rights, options, obligations or securities thereto as such or (e) the payment of any management, consulting, monitoring or advisory fees or any other fees or expenses (including the reimbursement thereof by any Person or any of its Subsidiaries) pursuant to any management, consulting, monitoring, advisory or other services agreement to any of the shareholders or other equityholders of any Person or any of its Subsidiaries or other Affiliates, or to any other Subsidiaries or Affiliates of any Person.

"Restricted Payment Certificate" has the meaning specified therefor in the definition of "Permitted Restricted Payments".

"Sale Leaseback" means any arrangement, directly or indirectly, with any Person whereby it shall dispose of any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

"Sanctions" has the meaning specified therefor in Section 5.01(u).

"Scheduled Customer Payments" means for each Project, the payments scheduled to be paid by a Customer during each calendar month in respect of the initial term of the related Customer Agreement as set forth in the Financial Model (as the same may be adjusted by the Borrower to account for any prepayment made under the applicable Customer Agreement or any Project becoming a Delinquent Project or a Terminated Project). The Scheduled Customer Payments exclude any amounts attributable to sales, use or property taxes to be collected from Customers.

"Scheduled Hedged SREC Payments" means (i) for each applicable Qualified SREC Agreement, the payments scheduled to be paid by the related Qualified SREC Counterparty (either from such Qualified SREC Counterparty directly or, upon receipt thereof, from a SREC Subsidiary) during each calendar month pursuant to a Qualified SREC Agreement taking into account the overall energy production for the related state and the minimum production levels for such state necessary to deliver the minimum amount of SRECs set forth in the related Qualified SREC Agreement as set forth in the Financial Model (as the same may be adjusted to account for any Qualified Contracted SREC True-Up Amount or such Hedged SREC Asset being related to a Delinquent Project (solely to the extent such Delinquent Project is no longer producing energy) or a Terminated Project) and (ii) for each Qualified Spot SREC projected to be sold in the Solar Credit Clearinghouse Auction for such Qualified Spot SREC, the auction sale price of such Qualified Spot SREC set forth in the Solar Carve-Out and Solar Carve-Out II Auction Price Schedule as outlined by the Massachusetts Department of Energy Resources (DOER), after deducting any auction fee (provided that no Qualified Spot SRECs shall be projected to be generated by any Delinquent Project (solely to the extent such Delinquent Project is no longer producing energy) or a Terminated Project). For the avoidance of doubt, Scheduled Hedged SREC Payments do not include any Net Scheduled Payments.

"Scheduled Investor Distributions" means for any calendar month, the amounts required to be distributed to the Tax Equity Investors based on Scheduled Customer Payments and

Scheduled Hedged SREC Payments, assuming no Purchase Options or Withdrawal Options are exercised (unless adequate amounts are reserved for the payment of such Purchase Options or Withdrawal Options at the applicable Tax Equity Entity) and no Limited Step-up Events of the type set forth in clause (a) of the definition thereof occur other than any such Limited Step-up Events in effect at the time of calculation.

"SEC" means the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"Secured Party" means any Agent and any Lender.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

"Securitization" has the meaning specified therefor in Section 9.07(l).

"Security Agreement" means the Pledge and Security Agreement, dated as of the date hereof, made by the Borrower in favor of the Collateral Agent for the benefit of the Secured Parties securing the Obligations.

"Security Documents" means the Security Agreement, the Pledge Agreement, the SREC Pledge Agreement, any Control Agreement (from and after the execution thereof), all Uniform Commercial Code financing statements required by any Security Document and any other security agreement or instrument to be executed or filed pursuant hereto or any Security Document.

"Sizing LTV Ratio" means [***]; as reduced by [***], upon the application of such prepayment; provided, that if the Sizing LTV Ratio is greater than [***], the Sizing LTV Ratio shall be reduced to [***] and if the Sizing LTV Ratio is greater than [***] on the [***], the Sizing LTV Ratio shall be reduced to [***].

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is not less than the total amount of the liabilities of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its existing debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Sponsor" means Vivint Solar, Inc., a Delaware corporation.

"Sponsor Side Letter" means that certain Letter Agreement, dated as of the Closing Date, delivered by the Sponsor to the Administrative Agent and acknowledged and agreed by the Administrative Agent.

"SREC" means a renewable energy certificate representing any and all environmental credits, benefits, emissions reductions, offsets and allowances, howsoever entitled, that are created or otherwise arise from a System's generation of electricity, including, but not limited to, a solar renewable energy certificate issued to comply with a state's renewable portfolio standard and in each case resulting from the avoidance of the emission of any gas, chemical, or other substance attributable to the generation of solar energy by a System. For the avoidance of doubt, SRECs do not include any renewable energy certificates or payments under a performance based incentive program.

"SREC Agreement" means any agreement pursuant to which any Person is required to make payments to or for the benefit of a SREC Subsidiary, the Borrower or a Subsidiary of the Borrower, in respect of SRECs generated by Projects owned directly by a Project Subsidiary or indirectly by the Borrower, in the state subject to such SREC Agreement.

"SREC Production Event" means, in respect of any Hedged SREC Asset, any modification, waiver or amendment of the associated Qualified SREC Agreement has been made that changes the amounts due or the timing of payments required to be made under such Qualified SREC Agreement or the occurrence of any other event or circumstance that would permit any set-off or deduction against, or the refusal to make, any payment thereunder.

"SREC Subsidiary" means each of Vivint Solar SREC Financing, LLC and Vivint Solar SREC Aggregator, LLC.

"Standard & Poor's" means S&P Global Ratings, a division of S&P Global Inc., and any successor thereto.

"Subsidiary" means, with respect to any Person (the "Parent") at any date, any other Person the accounts of which would be consolidated with those of the Parent in the Parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other Person (a) of which Equity Interests representing more than fifty percent (50%) of the equity or more than fifty percent (50%) of the ordinary voting power (irrespective of whether or not at the time Equity Interests of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency) or, in the case of a partnership, any general partnership interests are, as of such date, owned, controlled or held, or (b) the management decisions of which, as of such date, are otherwise controlled, in each case, directly, indirectly through one or more intermediaries, or both, by the Parent. Unless otherwise expressly provided, all references herein to a "Subsidiary" means a Subsidiary of the Borrower. The Subsidiaries of the Borrower shall include all Persons identified as such on Schedule 5.01(e).

"Subsidiary Distribution Block" means any event that prohibits a Financing Subsidiary from paying dividends or making any other distribution on any shares of Equity Interests of such Financing Subsidiary under the terms of the applicable Permitted Subsidiary Debt Documents.

"System" means an electric generating photovoltaic system including photovoltaic panels, racks, wiring and other electrical devices, conduit, weatherproof housings, hardware, one or more inverters, remote monitoring system, communication system, connectors, meters, disconnects, and

optionally, battery storage equipment and energy management equipment, but excluding the Customer's electrical distribution equipment.

"Tax Equity Documents" means the collective reference to the operating agreements, master leases, subleases, lease supplements, pass-through agreements, capital contribution agreement and guaranties (a) set forth on Schedule 5.1(s) under the heading "Tax Equity Documents" or (b) which, after the Closing Date, are on terms fair and reasonable to the applicable Subsidiary of the Borrower party thereto (taken as a whole) and reflective of then-current market conditions (including, in each case, all material amendments, modifications, supplements, waivers and consents with respect thereto).

"Tax Equity Investor" means any counterparty (other than a Group Member or the Sponsor) to the Tax Equity Documents.

"Tax Equity Entity" means any entity directly jointly owned by a Tax Equity Investor and a Subsidiary of the Borrower pursuant to Tax Equity Documents.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Terminated Project" means a Project for which the related System has experienced an Event of Loss and is not repaired, restored, replaced or rebuilt to substantially the same condition as it existed immediately prior to the Event of Loss within 180 days of such Event of Loss.

"Total Consolidated Debt" means, as of any date of determination, the aggregate outstanding amount of Indebtedness of Borrower and its Subsidiaries at that date (other than Indebtedness described under clause (d) of the definition of "Permitted Indebtedness").

"Transferee" has the meaning specified therefor in Section 2.07(a).

"Uniform Commercial Code" or "UCC" has the meaning specified therefor in Section 1.04(b).

"Updated Financial Model" means a financial model in respect of the Borrower and its Subsidiaries setting forth the Borrower Share of Aggregate Discounted Solar Asset Balance and the Total Consolidated Debt and calculated in a manner consistent with and based on assumptions consistent with the Closing Date Financial Model.

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (PATRIOT) Act of 2001 (Title III of Pub. L. 107-56, Oct. 26, 2001) as amended by the USA Patriot Improvement and Reauthorization Act of 2005 (Pub. L. 109-177, March 9, 2006) and as the same may have been or may be further renewed, extended, amended, or replaced.

"U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"Volta Consent" means that certain Limited Consent and Agreement, dated as of May 27, 2020, by and among Vivint Solar Financing III, LLC, as borrower, Wells Fargo Bank, National Association, as administrative agent and each of the lenders party to that certain Fixed Rate Loan Agreement, dated as of January 5, 2017, by and among Vivint Solar Financing III, LLC, as borrower, Wells Fargo Bank, National Association, as administrative agent and the lenders party thereto.

"Volta Facility" means that certain Fixed Rate Loan Agreement, dated as of January 3, 2017 (as amended, amended and restated, supplemented or otherwise modified in accordance with the terms thereof and in compliance with Section 6.02(k)), by and among Vivint Solar Financing III, LLC, a Delaware limited liability company, Wells Fargo, National Association, as Administrative Agent and the lenders party thereto from time to time and any guaranties of such indebtedness provided by subsidiaries of Vivint Solar Financing III, LLC.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (b) the then outstanding principal amount of such Indebtedness; *provided*, *that* for purposes of determining the Weighted Average Life to Maturity of any Indebtedness that is being modified, refinanced, refunded, renewed, replaced or extended, the effects of any amortization or prepayments made on the applicable Indebtedness prior to the date of the applicable modification, refinancing, refunding, renewal, replacement or extension shall be disregarded.

"Wholly-Owned Subsidiary" means any Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable law), on a fully-diluted basis, are directly or indirectly owned by the Borrower.

"Withdrawal Option" means (a) (i) with respect to Vivint Solar Margaux Master Tenant, LLC, the right of withdrawal set forth in Article 9.06(a) of the Operating Agreement of Vivint Solar Margaux Master Tenant, LLC, dated as of October 3, 2012; (ii) with respect to Vivint Solar Fund III Master Tenant, LLC, the right of withdrawal set forth in Article 9.06(a) of the Operating Agreement of Vivint Solar Fund III Master Tenant, LLC, as amended by the First Amendment, dated as of October 2, 2013; (iii) with respect to Vivint Solar Nicole Master Tenant, LLC, the right of withdrawal set forth in Article 9.06(a) of the Operating Agreement of Vivint Solar Nicole Master Tenant, LLC, dated as of April 29, 2014; (iv) with respect to Vivint Solar Fund XI Project Company, LLC, the right of withdrawal set forth in Article 9.8 of the Limited Liability Company Agreement of Vivint Solar Fund XI Project Company, LLC, as amended by the First Amendment, dated as of May 7, 2015, as further amended by the Second Amendment, dated as of April 8, 2016, as further amended by the Third Amendment, dated as of May 13, 2016, as further amended by the Fourth Amendment, dated as of October 26, 2016 and as further amended by the Fifth Amendment, dated as of March 14, 2017 and effective as of December 31, 2016; (v) with respect to Vivint Solar Fund XIII Project Company, LLC, the right of withdrawal set forth in Article 9.8 of the Limited Liability Company Agreement of Vivint Solar Fund XIII Project Company, LLC, as amended by the First Amendment, dated as of March 31, 2015, as further amended by the

Second Amendment, dated as of June 24, 2015, as further amended by the Third Amendment, dated as of July 25, 2016 and as further amended by the Fourth Amendment, dated as of April 17, 2017; (vi) with respect to Vivint Solar Fund 22 Project Company, LLC, the right of withdrawal set forth in Article 9.8 of the Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 22 Project Company, LLC, as amended by the First Amendment, dated as of August 3, 2017 and as further amended by the Second Amendment, dated as of December 21, 2017; (vii) with respect to Vivint Solar Fund 23 Project Company, LLC, the right of withdrawal set forth in Article 9.7 of the Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 23 Project, LLC, as amended by the First Amendment, dated as of May 28, 2019; and (viii) with respect to Vivint Solar Fund 27 Project Company, LLC, the right of withdrawal set forth in Article 9.7 of the Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 27 Project Company, LLC, dated as of February 7, 2020 or (b) any similar right of a Tax Equity Investor to elect to withdraw from any Tax Equity Entity and cause the repurchase of its interests therein based on a pre-determined pricing methodology.

"Withholding Agent" means the Borrower and the Administrative Agent.

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

Section 1.03 Certain Matters of Construction. References in this Agreement to "determination" by any Agent include good faith estimates by such Agent (in the case of quantitative determinations) and good faith beliefs by such Agent (in the case of qualitative determinations). A Default or Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing in accordance with this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing in accordance with this Agreement. Any Lien referred to in this Agreement or any other Loan Document as having been created in favor of any Agent, any agreement entered into by any Agent pursuant to this Agreement or any other Loan Document, any payment made by or to or funds received by any Agent pursuant to or as contemplated by this Agreement or any

other Loan Document, or any act taken or omitted to be taken by any Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of the Agents and the Lenders. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

Section 1.04 Accounting and Other Terms.

(a) Unless otherwise expressly provided herein, each accounting term used herein shall have the meaning given it under GAAP. For purposes of determining compliance with the LTV Conditions and any incurrence or expenditure tests set forth in Section 6.01, Section 6.02 and Section 6.03, any amounts so incurred or expended (to the extent incurred or expended in a currency other than Dollars) shall be converted into Dollars on the basis of the exchange rates (as shown on the Bloomberg currency page for such currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Agents or, in the event no such service is selected, on such other basis as is reasonably satisfactory to the Agents) as in effect on the date of such incurrence or expenditure under any provision of any such Section that has an aggregate Dollar limitation provided for therein (and to the extent the respective incurrence or expenditure test regulates the aggregate amount outstanding at any time and it is expressed in terms of Dollars, all outstanding amounts originally incurred or spent in currencies other than Dollars shall be converted into Dollars on the basis of the exchange rates (as shown on the Bloomberg currency page for such currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Agents or, in the event no such service is selected, on such other basis as is reasonably satisfactory to the Agents) as in effect on the date of any new incurrence or expenditures made under any provision of any such Section that regulates the Dollar amount outstanding at any time).

(b) All terms used in this Agreement which are defined in Article 8 or Article 9 of the Uniform Commercial Code as in effect from time to time in the State of New York (the "Uniform Commercial Code" or the "UCC") and which are not otherwise defined herein shall have the same meanings herein as set forth therein; provided that terms used herein which are defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as any Agent may otherwise determine.

Section 1.05 Time References. Unless otherwise indicated herein, all references to time of day refer to Eastern Standard Time or Eastern daylight savings time, as in effect in New York City on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; provided, however, that with respect to a computation of fees or

interest payable to any Secured Party, such period shall in any event consist of at least one full day.

Section 1.06 Divisions.

For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

THE LOANS

Section 2.01 Commitments.

(a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth:

(i) Each Lender severally agrees to make Loans (other than Protective Advances which are governed by Section 2.02(d) below) to the Borrower on the Closing Date in a principal amount equal to such Lender's Initial Commitment; and

(ii) Each Lender severally agrees to make its Pro Rata Share of each Loan (other than Protective Advances which are governed by Section 2.02(d) below) to the Borrower in an amount requested by the Borrower at any time during the Availability Period up to an aggregate principal amount not to exceed such Lender's Delayed Draw Commitment.

(b) Notwithstanding the foregoing:

(i) any principal amount of the Loans which is repaid or prepaid may not be reborrowed; and

(ii) the aggregate principal amount of the Loans (other than Protective Advances which shall be subject to the limitation set forth in the first proviso of Section 2.02(d) below) shall not exceed the total Commitment.

Section 2.02 Making the Loans. (a) The Borrower shall deliver to the Administrative Agent a Notice of Borrowing in substantially the form of Exhibit B hereto (a "Notice of Borrowing"), (i) at least three Business Days prior to the initial Funding Date, with respect to the Loans to be borrowed on the initial Funding Date, (ii) not later than 1:00 PM (New York City time) four Business Days prior to the proposed date for borrowing Loans on any Funding Date

after the initial Funding Date. The Administrative Agent shall promptly notify each Lender of such Notice of Borrowing, including the requested date of the proposed Funding Date and the amount thereof to be made by such Lender. Notwithstanding the above, there shall occur no more than one Funding Date in any 90-day period after the initial Funding Date and there shall occur no more than three Funding Dates in the aggregate after the initial Funding Date.

(b) Each Loan (other than Protective Advances) shall be made in a minimum amount of $10,000,000 and shall be in an integral multiple of $1,000,000 in excess thereof; provided, that the final borrowing of Loans (other than Protective Advances) may be in an amount up to the then-remaining Delayed Draw Commitment.

(c) Except as otherwise provided in this Section 2.02(c), all Loans under this Agreement shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares of the Initial Commitment or Delayed Draw Commitment, as applicable, it being understood that no Lender shall be responsible for any default by any other Lender in that other Lender's obligations to make a Loan requested hereunder, nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in that other Lender's obligation to make a Loan requested hereunder, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender.

(d) The Lenders are authorized by the Borrower, from time to time in their sole discretion (but shall have absolutely no obligation), to make Loans to the Borrower which the Lenders, in their sole discretion, deem necessary or desirable to cure any failure by a Financing Subsidiary to make a payment of scheduled principal or interest when due and payable under the applicable Permitted Subsidiary Debt Documents (any of such Loans are herein referred to as "Protective Advances"), which Protective Advances shall be made by transferring the proceeds of such Protective Advances directly to the Persons entitled to the payment thereof under the terms of the applicable Permitted Subsidiary Debt Documents (or the applicable agent under the Permitted Subsidiary Debt Documents on behalf of such Persons) on behalf of the applicable Financing Subsidiary; provided further that in no event shall Protective Advances exceed $30,000,000 in the aggregate at any time outstanding; provided further that if the Borrower notifies the Lenders on the day of such failure to pay such debt service(s) of its intent to cure, or cause to cure, such failure to pay debt service(s) and provides evidence reasonably satisfactory to the Lenders that the Borrower has sufficient funds to make such cure, the Borrower shall have the right to make such cure payment before the Lenders make any such Protective Advances in respect thereof; provided further that Protective Advances may be made even if the conditions precedent set forth in Section 4.02 have not been satisfied. For the avoidance of doubt, each Lender shall be offered its Pro Rata Share of any Protective Advance, but each Lender may separately decide, in its sole discretion, whether it will participate in (and fund) such Protective Advance or decline such participation.

Section 2.03 Repayment of Loans; Evidence of Debt. (a) The Borrower agrees to repay to the Administrative Agent for the ratable account of the Lenders on each Payment Date, beginning with the Payment Date occurring on August 31, 2020, an aggregate amount equal to 0.25% of the aggregate principal amount of the Loans held by such Lender. The remaining outstanding principal of all Loans shall be due and payable on the Maturity Date; provided, for the avoidance of doubt,

that repayment of the Loans on the Stated Maturity Date shall not be subject to Applicable Prepayment Premium.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Obligations of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Section 2.03(b) or Section 2.03(c) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that (i) the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement and (ii) in the event of any conflict between the entries made in the accounts maintained pursuant to Section 2.03(b) and the accounts maintained pursuant to Section 2.03(c), the accounts maintained pursuant to Section 2.03(c) shall govern and control.

(e) Any Lender may request that Loans made by it (or assigned to it pursuant to Section 9.07) be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a promissory note (a "Note") substantially in the form of Exhibit C hereto payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in an amount equal to such Lender's Loans.

Section 2.04 Interest.

(a) Loans. Other than Protective Advances, the Loans shall bear interest at a rate per annum equal to the Interest Rate. Protective Advances shall be interest at a rate per annum equal to [***]%.

(b) Default Interest. To the extent permitted by law and notwithstanding anything to the contrary in this Section 2.04, upon the occurrence and during the continuance of an Event of Default, at the election of the Collateral Agent (acting at the direction of the Required Lenders), the principal of, and all accrued and unpaid interest on, all Loans (other than Protective Advances), fees, indemnities or any other Obligations of the Borrower under this Agreement and the other Loan Documents, shall bear interest, from the date such Event of Default occurred until the date such Event of Default is cured or waived in writing in accordance herewith, at a rate per annum equal at all times to the Post-Default Rate.

(c) Interest Payment. Interest on the Loans shall be payable quarterly, in arrears, on each Payment Date, commencing with the Payment Date occurring on August 31, 2020. Interest at the Post-Default Rate shall be payable on demand.

(d) General. All interest and fees shall be computed on the basis of a year of 360 days for the actual number of days, including the first day but excluding the last day, elapsed.

Section 2.05 Reduction of Commitment; Prepayment of Loans.

(a) Reduction of Commitments.

(i) At the close of business, New York City time, on the initial Funding Date, all undrawn Initial Commitments shall automatically, irrevocably and without notice be reduced to zero.

(ii) At the close of business, New York City time, on the last day of the Availability Period, all undrawn Delayed Draw Commitments shall automatically, irrevocably and without notice be reduced to zero.

(b) Optional Prepayment. Subject to Section 2.05(e), the Borrower may, at any time and from time to time, upon at least four Business Days' prior written notice to the Administrative Agent, prepay the principal of the Loans, in whole or in part. Each prepayment made pursuant to this Section 2.05(b) shall be in a minimum amount of at least $1,000,000, or any integral multiple of $500,000 in excess thereof. Each notice of optional prepayment shall specify (i) the Loans to be prepaid by the Borrower, (ii) the date proposed for such prepayment, (iii) the aggregate principal amount to be prepaid on such date, (iv) the interest to be paid on the prepayment date with respect to such principal amount being prepaid as if the date of such notice were the date of the optional prepayment due in connection with such optional prepayment, and setting forth the details of such computation and (v) a certification of the Borrower as to the Applicable Prepayment Premium due in connection with such prepayment and setting forth a reasonable computation thereof.

(c) Mandatory Prepayment.

(i) Within three Business Days of each Payment Date, the Borrower shall prepay the Loans in accordance with Section 2.05(d) and Section 2.05(e) in amount equal to 25% of Excess Cash Flow (or, from and after the Cash Sweep Trigger Event, 100% of Excess Cash Flow) for the Quarterly Period ended on such Payment Date.

(ii) Upon any Disposition (other than Permitted Dispositions) by the Borrower or its Subsidiaries, the Borrower shall prepay the Loans in accordance with Section 2.05(d) and Section 2.05(e) in an amount equal to 100% of the Net Cash Proceeds received by the Borrower in connection with such Disposition within three Business Days of receipt thereof.

(iii) Upon the incurrence by the Borrower or any of its Subsidiaries of any Indebtedness (other than Permitted Indebtedness), the Borrower shall prepay the Loans in an amount equal to 100% of the Net Cash Proceeds received by the Borrower in connection therewith in accordance with Section 2.05(d) and Section 2.05(e).

(iv) Upon the incurrence by the Borrower or any of its Subsidiaries of any Permitted Subsidiary Debt that causes the Consolidated LTV Ratio, calculated on a

pro forma basis after giving effect to the incurrence of such Permitted Subsidiary Debt (and applicable exclusion of such Permitted Subsidiary Debt in accordance with the proviso in the definition of "Consolidated LTV Ratio") and any transactions occurring on the date of incurrence thereof, to exceed the Sizing LTV Ratio, the Borrower shall immediately prepay the Loans in the amount necessary to cause the Consolidated LTV Ratio to equal the Sizing LTV Ratio, in accordance with Section 2.05(d) and Section 2.05(e).

(v) Upon the receipt by the Borrower or any of its Subsidiaries of any Extraordinary Receipts, the Borrower shall prepay the Loans in an amount equal to 100% of the Net Cash Proceeds in respect thereof received by the Borrower in accordance with Section 2.05(d) and Section 2.05(e) within three Business Days of receipt thereof.

(vi) The Borrower shall prepay the entire outstanding principal balance of the Loans in accordance with Section 2.05(d) and Section 2.05(e) immediately upon the occurrence of any Change of Control.

(vii) Within three Business Days of each Payment Date, the Borrower shall prepay the Loans in accordance with Section 2.05(d) and Section 2.05(e) in amount equal to 100% of amounts that have been held on deposit in the Borrower Account for four consecutive Payment Dates solely as a result of the failure of the Borrower to satisfy the conditions set forth in clause (e) of the definition of "Permitted Restricted Payment" during each of the most recently elapsed four Quarterly Periods.

(viii) Upon the incurrence of any Permitted Subsidiary Debt the proceeds of which are used to refinance the Permitted Subsidiary Debt described in clauses (a) or (b) of the definition thereof, if the outstanding principal amount of the Loans on such date is less than $[***], or after giving pro forma effect to the application of any mandatory prepayment required pursuant to Section 2.05(c)(iv) the outstanding principal amount of the Loans on such date would be less than $[***] (such event, the "Refinancing Cash Sweep Trigger Event"), Section 2.05(c)(iv) shall not be applicable to the Net Cash Proceeds of such Permitted Subsidiary Debt, and 100% of the Net Cash Proceeds from such Permitted Subsidiary Debt shall be applied to prepay the Loans in accordance with Section 2.05(d) and Section 2.05(e).

(ix) The Borrower shall give written notice to the Administrative Agent not less than one (1) Business Day prior to any prepayment pursuant to this Section 2.05(c).

(d) Application of Payments. Each prepayment pursuant to subsection (b) or subsection (c) above shall be applied on a pro rata basis to the Loans of all Lenders and, with respect to the Loans of any Lender, on a pro rata basis across remaining installments of such Loans and, in each such case, first to prepay all Protective Advances and then to prepay all other Loans. Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default, if the Administrative Agent has elected (acting at the direction of the Required Lenders), to apply payments in respect of any Obligations in accordance with Section 3.03(b), prepayments required under Sections 2.05(b) and (c) shall be applied in the manner set forth in Section 3.03(b).

(e) Interest and Applicable Prepayment Premium. Any prepayment made pursuant to this Section 2.05 or as a result of an acceleration shall be accompanied by (i) accrued interest on the principal amount being prepaid to the date of prepayment, and (ii) the Applicable Prepayment Premium payable in connection with such prepayment of the Loans (other than Protective Advances). In connection with any mandatory prepayment, the amount of the Loans prepaid shall be calculated so that the total principal amount of Loans prepaid, the accrued but unpaid interest on such Loans and any Applicable Prepayment Premium applicable to such prepayment of Loans shall be equal to the amount required to be prepaid.

Section 2.06 Fees. The Borrower agrees to pay each Lender upfront and other fees in such amounts and at such times as are specified in the Fee Letter.

Section 2.07 Taxes.

(a) Any and all payments by or on account of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all Taxes, except as required by applicable law. If the Borrower shall be required to deduct or withhold any Taxes from or in respect of any sum payable hereunder to any Secured Party, (i) the applicable Withholding Agent shall make such deductions or withholdings and (ii) the applicable Withholding Agent shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and (iii) if such Tax is an Indemnified Tax, then the sum payable by the applicable Borrower shall be increased by the amount (an "Additional Amount") necessary such that after making all required deductions and withholdings (including deductions or withholdings applicable to additions sums payable under this Section 2.07) such Secured Party receives the amount equal to the sum it would have received had no such deductions or withholdings been made.

(b) In addition, the Borrower agrees to pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes. The Borrower shall deliver to each Secured Party a certified copy of any receipts in respect of any Taxes paid by the Borrower to any Governmental Authority pursuant to this Section 2.07 (or other evidence reasonably satisfactory to such Secured Party) as soon as practicable after payment of such Taxes.

(c) Without duplication of any amounts paid or payable pursuant to Section 2.07(a) or (b), the Borrower shall indemnify and agree to hold each Secured Party harmless from and against Indemnified Taxes (including, without limitation, Indemnified Taxes imposed on any amounts payable under this Section 2.07) paid by such Person, whether or not such Indemnified Taxes were correctly or legally asserted by the relevant Governmental Authority. Such indemnification shall be paid within 10 days from the date on which any such Person makes written demand therefore specifying in reasonable detail the nature and amount of such Indemnified Taxes. Notwithstanding the foregoing, Borrower shall not be required to indemnify a Secured Party pursuant to this Section 2.07(c) for any Taxes or related liabilities incurred by such Secured Party to the extent that such Secured Party fails to make a written claim for indemnification within 180 days after the earlier of (x) the date on which such Secured Party has paid such Taxes or related liabilities to the applicable taxing authority and (y) the date on which such Secured Party has received a written demand from the applicable taxing authority for such Taxes or related liabilities.

(d) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower as will enable the Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (d)(ii)(A), (d)(ii)(B) and (d)(ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) each Lender that is not a U.S. Person (a "Non-U.S. Lender") shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the

Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled Non-U.S. corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(e) Any Lender claiming any indemnity payment or payment of Additional Amounts payable pursuant to this Section 2.07 shall, at the request of the Borrower, use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its applicable lending office if, in the judgment of such Lender, such a change would avoid the need for or reduce the amount of any such indemnity payment or Additional Amounts that may thereafter accrue, would not require such Lender to disclose any information such Lender deems confidential and would not, in the sole determination of such Lender, be otherwise disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(f) If any Secured Party determines, in its sole discretion exercised in good faith, that it has received a refund in respect of any Taxes with respect to which the Borrower has made an indemnity payment or paid Additional Amounts pursuant to this Section 2.07, it shall within 30 days from the date of such receipt pay over such refund to the Borrower, net of all out-of-pocket expenses of such Secured Party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). The Borrower, upon the request of such Secured Party, shall repay to such Secured Party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the Secured Party be required to pay any amount to the Borrower pursuant to this paragraph (f) the payment of which would place the Secured Party in a less favorable net after-Tax position than the Secured Party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or Additional Amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) The obligations of the Borrower under this Section 2.07 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

ARTICLE III

PLACE AND MANNER OF PAYMENT; DEFAULTING LENDERS

Section 3.01 Payments; Computations and Statements. The Borrower will make each payment that it owes to the Lenders under this Agreement not later than 12:00 noon (New York City time) on the day when due, in lawful money of the United States of America and in immediately available funds, to the Administrative Agent for the account of each Lender owed such payment. All payments made after 12:00 noon (New York City time) on any Business Day will be deemed received by the Administrative Agent on the next succeeding Business Day. All

payments shall be made by the Borrower without set-off, counterclaim, recoupment, deduction or other defense to the Agents and the Lenders. Except as provided in Section 2.02, within one (1) Business Day after receipt, the Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal ratably to the Lenders in accordance with their Pro Rata Shares and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement. Whenever any payment to be made under any such Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. All computations of fees shall be made by the Administrative Agent on the basis of a year of 360 days for the actual number of days elapsed. Each determination by the Administrative Agent of an interest rate or fees hereunder shall be conclusive and binding for all purposes in the absence of manifest error.

Section 3.02 Sharing of Payments. Except as provided in Section 2.02 hereof and in all cases subject to compliance with applicable laws, if any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar Obligations obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in such similar Obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that (a) if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and each Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered and (b) the provisions of this Section shall not be construed to apply to (i) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (ii) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply). The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all of its rights (including the Lender's right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

Section 3.03 Apportionment of Payments. Subject to Section 2.02 hereof:

(a) All payments of principal and interest in respect of outstanding Loans, all payments of fees (other than the fees set forth in Section 2.06 hereof) and all other payments in respect of any other Obligations, shall be allocated by the Administrative Agent among such of the Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein or, in respect of payments not made on account of Loans, as designated by the Person making payment when the payment is made.

(b) After the occurrence and during the continuance of an Event of Default, the Administrative Agent shall apply all payments in respect of any Obligations, including all proceeds of the Collateral, subject to the provisions of this Agreement, (i) first, ratably to pay the Obligations in respect of any fees, expense reimbursements, indemnities and other amounts then due and payable to the Agents until paid in full; (ii) second, ratably to pay the Obligations in respect of any fees (other than any Applicable Prepayment Premium), expense reimbursements, indemnities and other amounts then due and payable to the Lenders until paid in full; (iii) third, ratably to pay, first, interest payable at the Interest Rate then due and payable in respect of the Loans (other than the Protective Advances) until paid in full, then second, to pay interest on Protective Advances at the Interest Rate and then, third, to pay any applicable excess interest payable at the Post-Default Rate then due and payable in respect of the Loans until paid in full; (iv) fourth, ratably to pay principal of all Protective Advances, then to pay principal of all other Loans and any Applicable Prepayment Premium then due and payable to the Lenders until paid in full; and (v) fifth, ratably to pay all other Obligations then due and payable until paid in full.

(c) For purposes of Section 3.03(b) (other than clause (vi) thereof), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, the Applicable Prepayment Premium and expense reimbursements, whether or not same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding, except to the extent that default or overdue interest (but not any other interest) and loan fees, each arising from or related to a default, are disallowed in any Insolvency Proceeding; provided, however, that for the purposes of clause (vi), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, the Applicable Prepayment Premium, and expense reimbursements, whether or not the same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(d) In the event of a direct conflict between the priority provisions of this Section 3.03 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that both such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 3.03 shall control and govern.

Section 3.04 Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(a) Such Defaulting Lender shall not have any right to approve or disapprove any amendment, waiver or consent with respect to this Agreement, except to the extent such amendment, waiver or consent requires the approval of all Lenders or all affected Lenders under the applicable provisions of the Agreement.

(b) Any payment of principal, interest, fees or other amounts required to be paid by the Borrower to the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity or otherwise) shall be applied at such time or times as may be determined by the Borrower as follows: (i) *first*, to the extent that such Defaulting Lender's Loans were funded by the other Lenders, to each other non-Defaulting Lender ratably in accordance with their Pro Rata Shares (without giving effect to the Pro Rata Share of such Defaulting Lender), (ii) *second*, at the election of the Borrower, and if no Default or Event of Default has occurred and is continuing (and to the extent such Defaulting Lender's Loans were not funded by the other Lenders), retained by the Borrower and deemed re-advanced to the Borrower as if such Defaulting Lender had made such Loans to the Borrower, (iii) *third*, if so determined by the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement, (iv) *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; (v) *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and (vi) *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction.

(c) Any such failure to fund by any Defaulting Lender shall constitute a material breach by such Defaulting Lender of this Agreement and shall, subject to compliance with applicable laws, entitle the Borrower to replace the Defaulting Lender with one or more substitute Lenders (each a "Replacement Lender"), and the Defaulting Lender shall otherwise have no right to refuse to be replaced hereunder. Such notice to replace the Defaulting Lender shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given. Prior to the effective date of such replacement, the Defaulting Lender shall execute and deliver an Assignment and Acceptance, subject only to the Defaulting Lender being repaid its share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Defaulting Lender shall fail to execute and deliver any such Assignment and Acceptance within one Business Day after having received request therefor, the Defaulting Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Defaulting Lender shall be made in accordance with the terms of Section 9.07 (including, for the avoidance of doubt, Section 9.07(b)).

(d) The operation of this Section 3.04 shall not be construed to increase or otherwise affect the Commitments of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by any Borrower of its duties and obligations hereunder to the Administrative Agent or to the Lenders other than the Defaulting Lender.

(e) This Section 3.04 shall remain effective with respect to a Defaulting Lender until either (i) the Obligations under this Agreement shall have been declared or shall have become immediately due and payable or (ii) the non-Defaulting Lenders, the Agents and the Borrower shall have waived such Defaulting Lender's default in writing, and the Defaulting Lender makes its Pro Rata Share of the applicable defaulted Loans and pays to the Agents all amounts owing by such Defaulting Lender in respect thereof; provided that no adjustments will be made retroactively

with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; provided further that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

ARTICLE IV

CONDITIONS TO LOANS

Section 4.01 Conditions Precedent to Closing Date and the Initial Funding Date. (A) The occurrence of the Closing Date, the effectiveness of this Agreement, and the obligations of each Agent and each Lender hereunder are subject to the satisfaction of the conditions precedent set forth below (other than, with respect to the proviso in clause (d) set forth below and clauses (a), (g)(i), (g)(ii), (h), (i), (l)(ii) and (r) set forth below), and (B) the occurrence of the initial Funding Date is subject to the satisfaction of the proviso in clause (d) and clauses (a), (b), (c), (g)(i), (g)(ii), (h), (i), (k), (l)(ii) and (r) set forth below (in each case, unless waived in accordance with Section 9.02):

(a) Payment of Fees, Etc. The Borrower shall have paid on or before the Closing Date all fees, costs, expenses of the Lenders to the extent invoiced as least one (1) Business Day prior to the Closing Date.

(b) Representations and Warranties. Each of the representations and warranties of the Pledgor and the Borrower contained in each Loan Document shall be true and on and as of the Closing Date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct on and as of such earlier date).

(c) No Event of Default. No Default or Event of Default shall have occurred and be continuing on the Closing Date or would result from the transactions contemplated to occur on the Closing Date.

(d) Loan Documents. Each Loan Document required to be in effect as of the Closing Date shall have been duly executed and delivered by each party thereto; provided that the each of the Notes and the Control Agreement shall only be required to have been duly executed and delivered by each party thereto prior to the initial Funding Date.

(e) Clarke Change of Control Amendment and Clarke Side Letter. The Clarke Change of Control Amendment and the Clarke Side Letter shall have been duly executed and delivered by each party thereto.

(f) Volta Consent. The Volta Consent shall have been duly executed and delivered by each party thereto.

(g) Collateral Perfection Matters. The Lenders shall have received:

(i) a duly executed Control Agreement with respect to the Borrower Account;

(ii) appropriately completed UCC financing statements (Form UCC-l), which have been duly authorized for filing by the appropriate Person, naming the Pledgor and the Borrower as debtors and the Collateral Agent as secured party, in form appropriate for filing under each jurisdiction as may be necessary to perfect the security interests purported to be created by the Security Documents, covering the applicable Collateral;

(iii) copies of UCC, judgment lien, tax lien and litigation lien search reports, which reports will be for the period between the Closing Date and a recent date reasonably acceptable to the Lenders, listing all effective financing statements that name the Pledgor or the Borrower as debtor and that are filed in the jurisdictions in which the UCC-1 financing statements will be filed in respect of the Collateral, none of which shall cover the Collateral except to the extent evidencing Permitted Liens;

(iv) appropriately completed copies of all other recordings and filings of, or with respect to, the Security Documents as may be reasonably requested by the Collateral Agent and necessary to perfect the security interests purported to be created by the Security Documents;

(v) evidence that the Collateral Agent shall have received the certificates representing the Equity Interests that are pledged pursuant to the Security Documents, together with an undated transfer power for each such certificate executed in blank by a duly Authorized Officer of each pledgor thereof;

(vi) evidence that the Collateral Agent shall have received all Collateral in which perfection by possession is required under the UCC; and

(vii) evidence that all other actions reasonably requested by the Collateral Agent and necessary to perfect and protect the security interests purported to be created by the Security Documents entered into on or prior to the Closing Date have been taken immediately prior to the Closing Date.

(h) Notice of Borrowing. The Lenders shall have received a Notice of Borrowing with respect to the initial drawing of the Loans in accordance with Section 2.02 hereof.

(i) Funds Flow Memorandum. The Lenders shall have received the Funds Flow Memorandum.

(j) Secretary's Certificate. The Lenders shall have received a certificate of an Authorized Officer of the Pledgor or the Borrower, certifying (A) as to copies of the Governing Documents of the Pledgor and the Borrower, together with all amendments thereto (including a true and complete copy of the charter, certificate of formation, certificate of limited partnership or other publicly filed organizational document of the Pledgor and the Borrower certified by an appropriate official of the jurisdiction of organization of the Pledgor and the Borrower which shall set forth the same complete name of the Pledgor and the Borrower as is set forth herein and the organizational number of the Pledgor and the Borrower, if an organizational number is issued in

such jurisdiction), (B) as to a copy of the resolutions or written consents of the Pledgor and the Borrower authorizing (1) the borrowings hereunder and the transactions contemplated by the Loan Documents to which such entity is or will be a party, and (2) the execution, delivery and performance by the Pledgor and the Borrower of each Loan Document to which such entity is or will be a party and the execution and delivery of the other documents to be delivered by such entity in connection herewith and therewith, (C) the names and true signatures of the representatives of the Pledgor and the Borrower authorized to sign each Loan Document to which such entity is or will be a party and the other documents to be executed and delivered by such entity in connection herewith and therewith and (D) certificates of good standing or the equivalent (if any) dated as of a recent date for the applicable jurisdiction of formation for the Pledgor and the Borrower.

(k) Officer's Certificate. The Lenders shall have received a certificate of an Authorized Officer of the Pledgor and the Borrower, certifying as to the matters set forth in Section 4.01(b), Section 4.01(c) and, solely with respect to the initial Funding Date, Section 4.01(r) and certifying that no Subsidiary Distribution Block has occurred and is continuing.

(l) Legal Opinion. The Lenders shall have received (i) an opinion of Latham & Watkins LLP, counsel to the Pledgor and the Borrower, dated as of the Closing Date, in form and substance reasonably satisfactory to the Lenders and (ii) an opinion of Latham & Watkins LLP, counsel to the Pledgor and the Borrower, dated as of the initial Funding Date, with respect to the Notes and the Control Agreement in form and substance reasonably satisfactory to the Lenders.

(m) Permitted Subsidiary Debt Documents, Tax Equity Documents and Project Documents. The Lenders shall have received copies of all Permitted Subsidiary Debt Documents, Tax Equity Documents and Material Project Documents, in each case as in effect on the Closing Date and together with all amendments and supplements thereto.

(n) Approvals. All consents, authorizations and approvals of, and filings and registrations with, and all other actions in respect of, any Governmental Authority or other Person required in connection with the making of the Loans or the conduct of the Pledgor's and the Borrower's business shall have been obtained and shall be in full force and effect.

(o) Financial Statements. The Lenders shall have received: the unaudited consolidated financial statements (including balance sheet, income statement and cash flow statement) for fiscal year 2019 for each of (i) Vivint Solar Financing III, LLC and its Subsidiaries, (ii) Vivint Solar Financing IV, LLC and its Subsidiaries, (iii) Vivint Solar Financing V, LLC and its Subsidiaries and (iv) Vivint Solar Financing VI, LLC and its Subsidiaries.

(p) Closing Date Financial Model. The Borrower shall have delivered the Closing Date Financial Model to the Lenders.

(q) Regulatory Information. At least five (5) Business Days prior to the Closing Date, the Lenders shall have received all documentation and other information required by bank regulatory authorities or reasonably requested by any Lender under or in respect of applicable "know-your-customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, that was requested at least ten (10) Business Days prior to the Closing Date.

(r) Consolidated LTV Ratio. As of the initial Funding Date, the Consolidated LTV Ratio shall not exceed the Maximum Consolidated LTV Ratio.

Section 4.02 Conditions Precedent to Each Funding Date. The obligation of the Lenders to make Loans on a Funding Date (other than the initial Funding Date, in respect of which the applicable conditions are set forth in Section 4.01 as specified in the first paragraph thereof) are subject to the satisfaction of the conditions precedent set forth below (unless waived in accordance with Section 9.02):

(a) Representations and Warranties. Each of the representations and warranties of the Pledgor and the Borrower contained in each Loan Document shall be true and correct in all material respects on and as of the Funding Date as though made on and as of such date, except (i) to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case, such representation or warranty shall be true and correct in all material respects on and as of such earlier date and (ii) if such representation or warranty is qualified by "materiality", "Material Adverse Effect" or similar language, in which case, such representation or warranty shall be true and correct in all respects.

(b) No Event of Default or Limited Step-up Event. (i) No Default or Event of Default or (ii) with respect to the Clarke Facility and the Volta Facility, no Subsidiary Distribution Block or Limited Step-up Event of the type set forth in clause (b) of the definition thereof, in each case, shall have occurred and be continuing on the Funding Date.

(c) Notice of Borrowing. The Lenders shall have received a Notice of Borrowing with respect to such Funding Date in accordance with Section 2.02 hereof.

(d) Availability Period. (i) The Availability Period shall not have expired, (ii) there shall have been no other Funding Dates in the 90-day period prior to such Funding Date and (iii) there shall not have occurred more than four Funding Dates in the aggregate after the Closing Date.

(e) Officer's Certificate; Financial Model. The Lenders shall have received a certificate of an Authorized Officer of the Borrower, which shall (i) demonstrate the satisfaction of the LTV Conditions on a pro forma basis after giving effect to the making of the proposed Loan, (ii) certify as to the matters set forth in Section 4.02(a) and Section 4.02(b), (iii) be accompanied by an Updated Financial Model and (iv), certify that for any Financing Subsidiary with respect to which a Subsidiary Distribution Block has occurred and is continuing, the LTV Conditions are satisfied on a pro forma basis after giving effect to the making of the proposed Loan and disregarding (x) the Indebtedness of such Financing Subsidiary and its Subsidiaries and (y) the Discounted Solar Asset Balance of all Project Subsidiaries owned by such Financing Subsidiary and its Subsidiaries.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.01 Representations and Warranties. The Borrower hereby represents and warrants to the Lenders as of the Closing Date, as follows:

(a) Organization, Good Standing, Etc. Each Group Member (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and, in the case of the Borrower, to make the borrowings hereunder, and to execute and deliver each Loan Document to which it is a party, and to consummate the transactions contemplated thereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary and where failure to so qualify would reasonably be expected to result in a Material Adverse Effect.

(b) Authorization, Etc. The execution, delivery and performance by each Borrower of each Loan Document to which it is or will be a party, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable Requirements of Law in any material respect, (C) any material Contractual Obligation binding on or otherwise affecting it or any of its material properties (including the Material Project Documents, Tax Equity Documents and Permitted Subsidiary Debt Documents), (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any material permit, license, authorization or approval applicable to its operations or any of its properties. The Tax Equity Documents permit a transfer upon foreclosure of the Borrower's indirect interest in the applicable Tax Equity Entity without the consent of the respective Tax Equity Investor(s), so long as such foreclosure transfer and the applicable foreclosure transferee satisfy the transfer conditions set forth in such Tax Equity Documents.

(c) Governmental Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by the Borrower of any Loan Document to which it is or will be a party other than (i) filings and recordings with respect to Collateral to be made, or otherwise delivered to the Collateral Agent for filing or recordation, on the Closing Date, (ii) such as have been obtained or made and are in full force and effect and (iii) authorizations, approvals, actions, notices or filings, which if not obtained or made, could not reasonably be expected, in the aggregate across all such authorizations, approvals, actions, notices or filings not so obtained or made, to have a Material Adverse Effect.

(d) Enforceability of Loan Documents. This Agreement is, and each other Loan Document to which any Group Member is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether enforceability is considered in a proceeding in equity or at law.

(e) Capitalization. On the Closing Date, after giving effect to the transactions contemplated hereby to occur on the Closing Date, the authorized Equity Interests of the Borrower and each of its Subsidiaries and the issued and outstanding Equity Interests of the Borrower and each of its Subsidiaries are as set forth on Schedule 5.01(e). All of the issued and outstanding shares of Equity Interests of the Borrower and each of its Subsidiaries have been validly issued and are fully paid and nonassessable. All Equity Interests of the Subsidiaries of the Borrower that are owned by the Borrower or one of its Subsidiaries are owned free and clear of all Liens (other than Permitted Liens). Except as described on Schedule 5.01(e), there are no outstanding debt or equity securities of the Borrower or any of its Subsidiaries and no outstanding obligations of the Borrower or any of its Subsidiaries convertible into or exchangeable for, or warrants, options or other rights for the purchase or acquisition from the Borrower or any of its Subsidiaries, or other obligations of the Borrower or any of its Subsidiaries to issue, directly or indirectly, any shares of Equity Interests of the Borrower or any of its Subsidiaries.

(f) Litigation. There is no pending or, to the best Knowledge of the Borrower, threatened action, suit or proceeding affecting any Group Member or any of their respective properties before any court or other Governmental Authority or any arbitrator that if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(g) Financial Statements. All Financial Statements that have been furnished by or on behalf of the Borrower or any of its Affiliates to the Required Lenders in connection with the Loan Documents have been prepared in accordance with GAAP, consistently applied and present fairly in all material respects the financial condition of the Persons covered thereby as of the respective dates thereof, subject, in the case of any such unaudited Financial Statements, to changes resulting from audit and normal year-end adjustments, including the absence of footnotes and subject to validation of individual capital accounts in calculating net loss attributable to noncontrolling interests in conformity with GAAP.

(h) Compliance with Law, Etc. No Group Member is in violation of or default under (i) any of its Governing Documents, (ii) any Requirements of Law (excluding Environmental Laws, which are addressed under Section 5.01(p) or Sanctions and anti-corruption laws, which are addressed under Section 5.01(u)) where such failure could reasonably be expected to have a Material Adverse Effect or (iii) any term of any Contractual Obligation (including any Material Project Document, Tax Equity Documents and Permitted Subsidiary Debt Documents) binding on or otherwise affecting it or any of its properties where such failure could reasonably be expected to have a Material Adverse Effect.

(i) ERISA. Except as would not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any of its ERISA Affiliates contributes to, sponsors, maintains or has, or had within the past six years, any liability with respect to any Multiemployer Plan or any Employee Plan. Except as would not reasonably be expected to result in a Material Adverse Effect, no ERISA Event has occurred or is reasonably expected to occur. Except as would not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor Pledgor

is, and, in connection with the transactions contemplated by this Agreement, neither will use the assets of, a "benefit plan investor" as defined in Section 3(42) of ERISA. Except as would not reasonably be expected to have a Material Adverse Effect, the transactions contemplated by this Agreement are not in violation of any statute, applicable to the Borrower or Pledgor, that regulates investments of, or fiduciary obligations with respect to, governmental plans and that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

(j) Taxes, Etc. (i) All Federal and material state and local tax returns and other reports required by applicable Requirements of Law to be filed by the Borrower have been filed, or extensions have been obtained, and (ii) all taxes, assessments and other governmental charges imposed upon the Borrower or any property of the Borrower and which have become due and payable on or prior to the date hereof have been paid, except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof on the Financial Statements in accordance with GAAP.

(k) Regulations T, U and X. Neither the Borrower nor the Pledgor is or will be engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X), and no proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulation T, U and X.

(l) Nature of Business. No Group Member is engaged in any business other than (a) the acquisition, ownership and financing of residential solar Systems and the sale of energy or the lease of such Systems to Customers in the United States, (b) the direct or indirect ownership of Equity Interests in Subsidiaries that are directly or indirectly engaged in the activities set forth in clause (a), (c) compliance with applicable obligations under the Permitted Subsidiary Debt Documents, Tax Equity Documents and Permitted Subsidiary Debt Documents, (d) the generation and sale of Environmental Attributes and Rebates (in each case as defined in any master engineering, procurement and construction agreement to which a Project Subsidiary is a party) and (e) activities reasonably related or incidental to the foregoing.

(m) Permits, Etc. Each Group Member has, and is in compliance with, all permits, licenses, authorizations, approvals, entitlements and accreditations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business and asset currently owned, leased, managed or operated, or to be acquired, by such Person, except to the extent the failure to have or be in compliance therewith could not reasonably be expected to have a Material Adverse Effect. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect, except to the extent such suspension, revocation, impairment, forfeiture or non-renewal could not reasonably be expected to have a Material Adverse Effect.

(n) Properties. Each Group Member has good and marketable title to, or valid licenses to use, all property and assets necessary to its business, free and clear of all Liens, except

Permitted Liens. All such properties and assets are in good working order and condition, ordinary wear and tear excepted.

(o) Employee and Labor Matters. No Group Member has any employees.

(p) Environmental Matters. (i) The operations of the Borrower and its Subsidiaries are in material compliance with all Environmental Laws; (ii) there has been no Release at any of the properties owned or operated by the Borrower or any of its Affiliates, or, to the Knowledge of the Borrower, at any disposal or treatment facility which received Hazardous Materials generated by the Borrower or any of its Affiliates which could reasonably be expected to have a Material Adverse Effect; (iii) no Environmental Action has been asserted against the Borrower or any of its Affiliates or any predecessor in interest nor does the Borrower have knowledge or notice of any threatened or pending Environmental Action against the Borrower or any of its Affiliates or any predecessor in interest which could reasonably be expected to have a Material Adverse Effect; (iv) no Environmental Actions have been asserted against any facilities that may have received Hazardous Materials generated by the Borrower or any of its Affiliates or any predecessor in interest which could reasonably be expected to have a Material Adverse Effect; (v) to the Knowledge of the Borrower, no property now or formerly owned or operated by the Borrower or any of its Affiliates has been used as a treatment or disposal site for any Hazardous Material; (vi) neither the Borrower nor any of its Affiliates has failed to report to the proper Governmental Authority any Release which is required to be so reported by any Environmental Laws which could reasonably be expected to have a Material Adverse Effect; (vii) the Borrower and each of its Affiliates holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of the business carried on by it, except for such licenses, permits and approvals as to which the Borrower's or an Affiliate's failure to maintain or comply with could not reasonably be expected to have a Material Adverse Effect; (viii) neither the Borrower nor any of its Affiliates has received any notification pursuant to any Environmental Laws that (A) any work, repairs, construction or capital expenditures are required to be made in respect as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto or (B) any license, permit or approval referred to above is about to be reviewed, made, subject to limitations or conditions, revoked, withdrawn or terminated, in each case, except as could not reasonably be expected to have a Material Adverse Effect; and (ix) except as disclosed on Schedule 5.01(p) and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any Subsidiary (i) has become subject to any Environmental Liabilities and Costs, (ii) has received notice of any claim with respect to any Environmental Liabilities and Costs or (iii) has Knowledge of any basis for any Environmental Liabilities and Costs.

(q) Insurance. The Borrower maintains, and causes its Subsidiaries to maintain, the insurance as required to be maintained by Section 6.01(f).

(r) Solvency. After giving effect to the transactions contemplated by this Agreement and before and after giving effect to each Loan, the Borrower, on a consolidated basis with its Subsidiaries, is Solvent.

(s) Material Project Documents; Tax Equity Documents; Permitted Subsidiary Debt Documents. Set forth on Schedule 5.01(s), as supplemented from time to time pursuant to Section 6.01(n), is a complete and accurate list of all Material Project Documents, Tax Equity Documents and Permitted Subsidiary Debt Documents, and amendments and modifications thereto. Each such Material Project Document, Tax Equity Documents and Permitted Subsidiary Debt Document (A)(i) is in full force and effect and is binding upon and enforceable against any Group Member, the Sponsor or any other Subsidiary or Affiliate of the Sponsor that is a party thereto and, to the best Knowledge of the Borrower, all other parties thereto in accordance with its terms, (ii) has not been amended or modified after the Closing Date except in accordance with Section 6.02(k) and (B) no Group Member, the Sponsor or Affiliate or Subsidiary of the Sponsor that is a party thereto is in default of its material obligations thereunder and, to the best Knowledge of the Borrower, no counterparty party thereto is in default of its material obligations thereunder.

(t) Investment Company Act. Neither the Borrower nor the Pledgor is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(u) Sanctions; Anti-Corruption.

(i) None of the Borrower, any of its Subsidiaries or, to the knowledge of the Borrower, any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity ("person") that is, or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), in each case insofar as dealings with such persons are prohibited pursuant to Sanctions, or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, currently, Crimea, Cuba, Iran, North Korea and Syria).

(ii) The Borrower, its Subsidiaries and their respective directors and officers and, to the knowledge of the Borrower, the employees and agents of the Borrower and its Subsidiaries, are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects. The Borrower and its Subsidiaries have instituted and maintain policies and procedures reasonably designed to promote and achieve continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

(v) [Reserved].

(w) Full Disclosure.

(i) To the Borrower's Knowledge, all written information delivered by the Borrower pursuant to this Agreement and the other Loan Documents (such information to be taken as a whole, including updated or supplemented information), or that has been furnished by or on behalf of the Borrower to any third party in connection with the

preparation and delivery by such third party of a report or certificate to any Lender required hereunder, is complete and correct in all material respects, and does not contain any untrue statement of a material fact; provided, however, that in each case no representation or warranty is made with respect to projections, assumptions or other forward looking statements provided by or on behalf of the Borrower with respect to the Financial Model other than as provided in clause (ii) below and no representation or warranty is made with respect to information of a general economic nature or information about the Borrower's general industry.

(ii) The Closing Date Financial Model (or Updated Financial Model (as applicable)) has been prepared in good faith based on the assumptions and other methodology believed by the Borrower to be reasonable (or otherwise as required by the Lenders) at the time such Closing Date Financial Model (or Updated Financial Model (as applicable)) was prepared and is consistent in all material respects with the Material Project Documents, Tax Equity Documents, Permitted Subsidiary Debt Documents and, with respect to Net Scheduled Payments of the type set forth in clause (a)(ii) of the definition thereof all applicable program rules, requirements, and conditions precedent, in each case as in effect at the time of delivery thereof, including to reflect any Limited Step-up Events, Subsidiary Distribution Blocks, SREC Production Events, existing cash sweep events in any Permitted Subsidiary Debt Documents and Terminated Projects and Delinquent Projects; provided, however, that (A) neither the Closing Date Financial Model (or Updated Financial Model (if applicable)) nor the assumptions set forth therein are to be viewed as facts and that actual results during the term of the Loans may differ from the Closing Date Financial Model (or Updated Financial Model (if applicable)), and that the differences may be material, and (B) the Borrower believes in good faith that the Closing Date Financial Model as of the Closing Date (or with respect to any Updated Financial Model, the date of delivery to the Lenders thereof) was reasonable and attainable.

ARTICLE VI

COVENANTS OF THE BORROWER

Section 6.01 Affirmative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid (other than Contingent Indemnity Obligations) or any Lender shall have any Commitment hereunder, the Borrower will, unless the Required Lenders shall otherwise consent in writing:

(a) Reporting Requirements. Furnish to the Administrative Agent:

(i) beginning with the fiscal quarter ended June 30, 2020 in case of clause (x) and the fiscal quarter ended September 30, 2020 in the case of clause (y), as soon as available and in any event (x) as to the Sponsor, so long as the Sponsor is a publicly traded company, on or before the date on which such financial statements are required to be filed with the SEC (after giving effect to any permitted extensions) (or within 60 days if the Sponsor is not a publicly traded company) after the end of each fiscal quarter and (y) as to the Borrower, within 60 days after the end of each fiscal quarter, each of the following: internally prepared consolidated balance sheets, statements of operations and retained

earnings and statements of cash flows as at the end of such quarter, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such quarter, setting forth in comparative form the generation revenues and operating expenses for the corresponding period set forth in the financial statements for the immediately preceding Fiscal Year (commencing with the fiscal quarter ending June 30, 2020), all in reasonable detail and certified by an Authorized Officer of the applicable Person as fairly presenting, in all material respects, the financial position of such Person and its Subsidiaries as of the end of such quarter and the results of operations and cash flows of such Person and its Subsidiaries for such quarter and for such year-to-date period, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of the such Person and its Subsidiaries furnished to the Administrative Agent or publicly available, subject to the absence of footnotes and normal year-end adjustments; provided, that, so long as the Sponsor is a publicly traded company, such documents with respect to the Sponsor shall be deemed to have been delivered on the date on which such documents are filed with the SEC and available in EDGAR (or any successor).

(ii) beginning with the Fiscal Year ended December 31, 2020, as soon as available, and in any event (x) as to the Sponsor, so long as the Sponsor is a publicly traded company, on or before the date on which such financial statements are required to be filed with the SEC (after giving effect to any permitted extensions) (or if the Sponsor is not a publicly traded company, within 150 days) after the end of each Fiscal Year, commencing with the first Fiscal Year ending after the Closing Date and (y) as to the Borrower, within 150 days after the end of each Fiscal Year, commencing with the first Fiscal Year ending after the Closing Date, each of the following: a consolidated balance sheet, statements of operations and retained earnings and statement of cash flows as at the end of such Fiscal Year, setting forth in comparative form the generation revenues and operating expenses for the corresponding period set forth in the financial statements for the immediately preceding Fiscal Year (commencing with Fiscal Year ending December 31, 2020), all in reasonable detail and prepared in accordance with GAAP, and accompanied by a comparison of the results of operations set forth therein to the most recently delivered Financial Model, as applicable, for the applicable periods and a report and an opinion, prepared in accordance with generally accepted auditing standards, of Ernst & Young or another independent certified public accountant of recognized standing selected by the Borrower and reasonably satisfactory to the Administrative Agent which opinion shall be without (1) a "going concern" or like qualification or exception (provided that any "going concern" or like qualification or exception to the extent arising from the maturity of the Loans (or any refinancing or replacement thereof) shall not constitute a violation of this clause 6.01(a)(ii)) or (2) any qualification or exception as to the scope of such audit, together with, in the case of the Borrower and its Subsidiaries, a written statement of such accountants (x) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or Default and (y) if such accountants shall have obtained any knowledge of the existence of an Event of Default, describing the nature thereof; provided, that, so long as the Sponsor is a publicly traded company, such documents with respect to the Sponsor shall be deemed to have been delivered on the date on which such documents are filed with the SEC and available in EDGAR (or any successor).

(iii) simultaneously with the delivery of the financial statements of the Borrower and its Subsidiaries required by clauses (i) and (ii) of this Section 6.01(a), or on or before the date that such statements become publicly available, a certificate of an Authorized Officer of the Borrower in the form of Exhibit D (a "Quarterly Compliance Certificate"): stating that such Authorized Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Borrower and its Subsidiaries during the period covered by such financial statements with a view to determining whether the Borrower and its Subsidiaries were in compliance with all of the provisions of this Agreement and such Loan Documents at the times such compliance is required hereby and thereby, and that such review has not disclosed, and such Authorized Officer has no knowledge of, the occurrence and continuance during such period of an Event of Default or Default or, if an Event of Default or Default had occurred and continued or is continuing, describing the nature and period of existence thereof and the action which the Borrower and its Subsidiaries propose to take or have taken with respect thereto,

(iv) within forty-five (45) days after the end of each fiscal quarter, a certificate of an Authorized Officer of the Borrower to which is attached a schedule showing the calculation of each of the financial covenants specified in Section 6.03(a), together with an Updated Financial Model and such other supporting information for such compliance with the covenants as the Administrative Agent may require, substantially in the form of Exhibit E (the "LTV Compliance Certificate");

(v) together with each delivery of any Updated Financial Model hereunder, a certificate of an Authorized Officer of the Borrower certifying that the representations and warranties set forth in Section 5.01(w)(ii) are true and correct with respect to such Updated Financial Model;

(vi) as soon as possible, and in any event within five (5) Business Days after the occurrence of (A) an Event of Default or Default, (B) any Subsidiary Distribution Block or Limited Step-up Event or (C) the occurrence of any event or development that has had or could reasonably be expected to have a Material Adverse Effect, the written statement of an Authorized Officer of the Borrower setting forth the details of such Event of Default or Default, such Subsidiary Distribution Block or Limited Step-up Event or other event or development that has had or could reasonably be expected to have a Material Adverse Effect, as applicable, and the action which the Borrower or applicable Subsidiary proposes to take with respect thereto;

(vii) promptly after the commencement thereof but in any event not later than five (5) Business Days after service of process with respect thereto on, or the obtaining of knowledge thereof by, the Borrower, notice of each action, suit or proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(viii) promptly after delivery thereof to any lender or agent under any Permitted Subsidiary Debt or any Tax Equity Investor, a copy of any report, financial information, document or material notice given to such lender, agent or investor;

(ix) as soon as possible and in any event within ten (10) Business Days after the execution thereof, notice of any SREC Production Event (including reasonable details thereof) and copies of any material modification or amendment of or supplement to any Material Project Document, Tax Equity Document or Permitted Subsidiary Debt Document;

(x) simultaneously with the delivery of the financial statements of the Borrower and its Subsidiaries required by clauses (i) and (ii) of this Section 6.01(a), an accounts receivable aging report as of the last day of the most recently ended fiscal quarter;

(xi) within 30 days after the end of each calendar quarter (beginning with the first full calendar quarter after the Closing Date), an asset and collections report together with a delinquencies and default report each prepared by the Borrower with respect to all Projects owned by Subsidiaries of the Borrower, in substantially the form of Exhibit G-1;

(xii) within 15 days of the end of each month (beginning with the first full month after the Closing Date), a delinquency report prepared by the Borrower with respect to all Projects owned by Subsidiaries of the Borrower, in substantially the form of Exhibit G-2 (it being understood that such report may be submitted by the Borrower via email); and

(xiii) promptly upon request, such other information concerning the condition or operations, financial or otherwise, of any Group Member as any Lender may from time to time reasonably request.

(b) Compliance with Laws; Payment of Taxes.

(i) Comply, and cause each of its Subsidiaries to comply, with all Requirements of Law (including Environmental Laws), judgments and awards (including any settlement of any claim that, if breached, could give rise to any of the foregoing) except in such instances in which (A) such Requirements of Law, judgment or award is being contested in good faith by appropriate proceedings diligently conducted or (B) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(ii) Pay, and cause each of its Subsidiaries to pay, in full before delinquency or before the expiration of any extension period, all material taxes, assessments and other governmental charges imposed upon the Borrower or any of its Subsidiaries or any property of the Borrower or any of its Subsidiaries, except (x) to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP or (y) if failure to pay such taxes, assessments or other governmental charges would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Preservation of Existence, Etc. Except as permitted under Section 6.02(c), maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary where failure to do so would have a Material Adverse Effect.

(d) Keeping of Records and Books of Account. The Borrower shall keep, and cause each of its Subsidiaries to keep, adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(e) Maintenance of Properties, Etc. The Borrower shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear and casualty excepted, so as to prevent any loss or forfeiture thereof or thereunder that would reasonably be expected to have a Material Adverse Effect and shall cause each of its Subsidiaries to comply in all material respects with its obligations under each Material Project Document, Permitted Subsidiary Debt Document and Tax Equity Document to which it is a party.

(f) Maintenance of Insurance. The Borrower shall maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including comprehensive general liability, hazard, rent, worker's compensation and business interruption insurance) with respect to its properties and business, in such amounts and covering such risks as is required by any Governmental Authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated; provided that if any such insurance is not available on commercially reasonable terms, only such insurance shall then be required to be carried pursuant to this Section 6.01(f) as is then available on commercially reasonable terms; provided, however, that if such insurance subsequently becomes available on commercially reasonable terms the Borrower shall, and shall cause each of its Subsidiaries to, acquire and maintain such insurance in accordance with the foregoing. All certificates of insurance are to be delivered to the Collateral Agent and the policies are to be premium prepaid, with the loss payable and additional insured endorsement in favor of the Collateral Agent, and shall provide for not less than 30 days' (10 days' in the case of non-payment) prior written notice to the Collateral Agent of the exercise of any right of cancellation. If the Borrower or any of its Subsidiaries fails to maintain such insurance, the Collateral Agent may arrange for such insurance, but at the Borrower's expense and without any responsibility on the Collateral Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims.

(g) Obtaining of Permits, Etc. The Borrower shall obtain, maintain and preserve, and cause each of its Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations that are necessary or useful in the proper conduct of its business, except if the failure to do so could not be reasonably expected to have a Material Adverse Effect.

(h) Fiscal Year. The Borrower shall cause the Fiscal Year of the Borrower and its Subsidiaries to end on December 31 of each calendar year unless the Administrative Agent

consents to a change in such Fiscal Year (and appropriate related changes to this Agreement), such consent not to be unreasonably withheld, conditioned or delayed.

(i) Cash Distributions. The Borrower shall cause each Subsidiary (other than SREC Subsidiaries) to distribute all available cash to the Borrower as soon as permitted under the terms of the Material Project Documents, Tax Equity Documents and the Permitted Subsidiary Debt Documents. At least once per calendar month (beginning with the first full calendar month after the Closing Date), the Borrower shall cause each SREC Subsidiary to distribute to Borrower all amounts held on deposit in any account of such SREC Subsidiary (other than amounts that are required to be remitted to a Subsidiary of the Borrower in accordance with any SREC purchase and sale or transfer agreement between Vivint Solar SREC Financing, LLC and another Group Member); provided, that each SREC Subsidiary shall be permitted to maintain a reserve of up to $100,000 in the aggregate on deposit across all of its accounts.

(j) Sanctions; Anti-Corruption Laws. The Borrower will maintain in effect policies and procedures reasonably designed to promote compliance by the Borrower, its Subsidiaries, and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

(k) Lender Meetings. The Borrower shall, upon the request of the Required Lenders (which request, so long as no Event of Default shall have occurred and be continuing, shall not be made more than once during each fiscal quarter), participate in a quarterly conference call with the Lenders at such time as may be agreed to by the Borrower and the Required Lenders.

(l) Further Assurances. The Borrower shall take such action and execute, acknowledge and deliver, and cause each of its Subsidiaries to take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments or other documents as any Agent may require from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, (ii) to subject to valid and perfected first priority Liens any of the Collateral, (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, assign, transfer and confirm unto each Secured Party the rights now or hereafter intended to be granted to it under this Agreement or any other Loan Document.

(m) Use of Proceeds. The Borrower shall use the proceeds of the Loans (i) for general corporate purposes permitted by the Loan Documents and consistent with the current business of Sponsor and its Subsidiaries, (ii) to make distributions to the Pledgor (or its designee) and (iii) to pay fees and expenses in connection with the transactions contemplated hereby.

(n) Additional Subsidiaries. The Borrower shall notify the Lenders in writing promptly after the formation or acquisition of any Subsidiary after the Closing Date and deliver to the Lenders complete and correct copies of all Material Project Documents, Tax Equity Documents or Permitted Subsidiary Debt Documents to which such Subsidiaries are or become a party, together with a supplement to Schedule 5.01(s) describing such additional Material Project Documents and other documents.

(o) Borrower Account. The Borrower shall (i) establish and maintain the Borrower Account and (ii) deposit or cause to be deposited promptly, and in any event no later than the next Business Day after the date of receipt thereof, all proceeds in respect of any Collateral and all Borrower Collections (of a nature susceptible to a deposit in a bank account) (other than Distributable Proceeds) into the Borrower Account.

(p) Financial Statements. The Borrower shall, not later than May 29, 2020, provide the Lenders with the audited consolidated financial statements (including balance sheet, income statement and cash flow statement) for fiscal year 2019 for each of (i) Vivint Solar Financing III, LLC and its Subsidiaries, (ii) Vivint Solar Financing IV, LLC and its Subsidiaries, (iii) Vivint Solar Financing V, LLC and its Subsidiaries and (iv) Vivint Solar Financing VI, LLC and its Subsidiaries, which shall not contain any material deviations from the unaudited financial statements provided in accordance with Section 4.01(o).

(q) Liquidated Damages. On each Payment Date, prior to the payment of any other Obligations, Borrower shall pay, or cause to be paid, all Liquidated Damages (as defined in the Sponsor Side Letter) then due and payable to the Lenders pursuant to Section 1(d) of the Sponsor Side Letter to the extent the Sponsor has not paid such Liquidated Damages within three (3) Business Days of such Liquidated Damages becoming due and payable.

Section 6.02 Negative Covenants. So long as any principal of or interest on any Loan or any other Obligation (whether or not due) shall remain unpaid (other than Contingent Indemnity Obligations) or any Lender shall have any Commitment hereunder, the Borrower shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Liens, Etc. The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired, other than Permitted Liens.

(b) Indebtedness. The Borrower shall not create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness.

(c) Fundamental Changes; Dispositions.

(i) The Borrower shall not wind-up, liquidate or dissolve, or merge, consolidate or amalgamate, or undertake any statutory division, with any Person, or permit any of its Subsidiaries to do (or agree to do) any of the foregoing; provided, however, that any wholly-owned Subsidiary of the Borrower may consolidate or amalgamate with another wholly-owned Subsidiary of the Borrower, so long as (A) no other provision of this Agreement would be violated thereby, (B) no Default or Event of Default shall have occurred and be continuing either before or after giving effect to such transaction and (C) the Secured Parties' rights in any Collateral, including the existence, perfection and priority of any Lien thereon, are not adversely affected by such merger, consolidation or amalgamation.

(ii) The Borrower shall not make any Disposition, whether in one transaction or a series of related transactions of all or any part of its business, property or assets, whether now owned or hereafter acquired (or agree to do any of the foregoing), or permit any of its Subsidiaries to do any of the foregoing; provided, however, that the Borrower and its Subsidiaries may make Permitted Dispositions.

(d) Change in Nature of Business. The Borrower shall not make, or permit any of its Subsidiaries to make, any change in the nature of its business as described in Section 5.01(l).

(e) Loans, Advances, Investments, Etc. The Borrower shall not make or commit or agree to make, or permit any of its Subsidiaries to make or commit or agree to make, any Investment in any other Person except for Permitted Investments.

(f) Sale Leaseback Transactions. The Borrower shall not enter into, or permit any of its Subsidiaries to enter into, any Sale Leaseback.

(g) Restricted Payments. The Borrower shall not, and shall not permit any of its Subsidiaries to make any Restricted Payment other than Permitted Restricted Payments.

(h) Federal Reserve Regulations. The Borrower shall not permit any Loan or the proceeds of any Loan under this Agreement to be used for any purpose that would cause such Loan to be a margin loan under the provisions of Regulation T, U or X of the Federal Reserve Board.

(i) Transactions with Affiliates. The Borrower shall not enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) transactions consummated in the ordinary course of business and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof; (ii) transactions listed on Schedule 6.02(i), (iii) transactions pursuant to the Project Documents, the Permitted Subsidiary Debt Documents and the Tax Equity Documents on terms and conditions that, taken as a whole, are not more materially adverse to the applicable Group Member compared to the terms and conditions of the Project Documents and the Tax Equity Documents as in effect on the Closing Date, taken as a whole, and (iv) Permitted Investments.

(j) Limitations on Dividends and Other Payment Restrictions Affecting Subsidiaries. The Borrower shall not create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of the Borrower (i) to make Restricted Payments in respect of any shares of Equity Interests of such Subsidiary owned by the Borrower or any of its Subsidiaries, (ii) to pay or prepay or to subordinate any Indebtedness owed to the Borrower or any of its Subsidiaries, (iii) to make loans or advances to any Borrower or any of its Subsidiaries or (iv) to transfer any of its property or assets to the Borrower or any of its Subsidiaries, or permit any of its Subsidiaries to do any of

the foregoing; provided, however, that nothing in any of clauses (i) through (iv) of this Section 6.02(j) shall prohibit or restrict compliance with:

(A) this Agreement and the other Loan Documents;

(B) any agreement in effect on the date of this Agreement and described on Schedule 6.02(j), or any extension, replacement or continuation of any such agreement on substantially similar terms as are in effect on the Closing Date; provided that any such encumbrance or restriction contained in such extended, replaced or continued agreement is no less favorable, taken as a whole, to the applicable Group Member party thereto than the encumbrance or restriction under or pursuant to the agreement so extended, replaced or continued;

(C) any applicable law, rule or regulation (including applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(D) any agreement evidencing Permitted Indebtedness;

(E) restrictions in any Tax Equity Documents relating to preferred distributions of cash or other similar payments of cash to Tax Equity Investors;

(F) restrictions in the Project Documents subject to compliance with the other terms and conditions of the Loan Documents; or

(G) customary restrictions in contracts that prohibit the assignment of such contract.

(k) Modifications of Indebtedness, Organizational Documents and Certain Other Agreements; Etc. The Borrower shall not, and shall not permit any Subsidiary of the Borrower to:

(i) amend, modify or otherwise change (or permit the amendment, modification or other change in any manner of) any of the provisions of any Permitted Subsidiary Debt Documents or Tax Equity Documents in a manner that would reasonably be expected to materially reduce the Borrower Share of Aggregate Discounted Solar Asset Balance attributable to any Project Subsidiary; provided, that the foregoing shall not be construed to limit the Borrower's express obligations set forth in the Loan Documents with respect to the Group Members and the Projects; provided further that the foregoing shall not be construed to limit any Borrower's or Group Member's ability to enter into a Permitted Subsidiary Debt to refinance existing Permitted Subsidiaries Debt in accordance with the terms hereof or enter into the Clarke Upsize Amendment;

(ii) amend, modify or otherwise change any of its Governing Documents (including by the filing or modification of any certificate of designation, or any agreement or arrangement entered into by it) with respect to any of its Equity Interests (including any shareholders' agreement), or enter into any new agreement with respect to

any of its Equity Interests, except any such amendments, modifications or changes or any such new agreements or arrangements that either individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect; or

(iii) agree to any amendment, modification or other change to or waiver of any of its rights (x) under any Permitted Subsidiary Debt Document, Tax Equity Document or Material Project Document if such amendment, modification or other change of waiver would be materially adverse to the interests of the Lenders or (y) under any Other Documents, in a manner that would reasonably be expected to have a Material Adverse Effect.

(l) Sanctions; Anti-Corruption; Use of Proceeds. The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable anti-corruption law, or (ii) (A) to fund any activities or business of or with any Person, or in any country or territory, with which, at the time of such funding, dealings are prohibited pursuant to applicable Sanctions, or (B) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as Administrative Agent, Lender, underwriter, advisor, investor, or otherwise).

(m) Accounting Principles. Except for such changes that are required by GAAP, the Borrower shall not make, or permit any of its Subsidiaries to make any change in the accounting principles that would have a material adverse effect on the calculation of the financial covenants set forth in Section 6.01(a)(i) and (ii) hereto.

(n) Limitations on Depositary Accounts. The Borrower will not establish, or cause to be established, any accounts, other than the Borrower Account.

(o) ERISA. The Borrower shall not, nor shall it permit any of its Subsidiaries or ERISA Affiliates to, knowingly (i) fail to comply with the minimum funding standards of ERISA and the Internal Revenue Code with respect to any Employee Plan in a manner that would reasonably be expected to result in a Material Adverse Effect, or (ii) fail to satisfy all material contribution obligations in respect of any Multiemployer Plan in a manner that would reasonably be expected to result in a Material Adverse Effect. Except as would not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor the Pledgor shall become, and, in connection with the transactions contemplated by this Agreement, neither shall use the assets of, a "benefit plan investor" as defined in Section 3(42) of ERISA. Except as would not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor the Pledgor shall become subject to any statute that regulates investments of, or fiduciary obligations with respect to, governmental plans, that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code, and that would be violated by any of the transactions contemplated by this Agreement.

Section 6.03 Financial Covenant.

(a) Consolidated LTV Ratio. The Borrower shall maintain, as of the last day of each Quarterly Period, a Consolidated LTV Ratio of no greater than the Maximum Consolidated LTV Ratio.

(b) Equity Cure. For purposes of determining compliance with the financial covenant set forth in Section 6.03(a) as of the last day of any Quarterly Period, the Borrower may (i) make an optional prepayment of the Loans in accordance with Section 2.05(b) after the last day of such Quarterly Period and on or prior to the day that is ten (10) days after the day on which financial statements are required to be delivered for that fiscal quarter pursuant to Section 6.01(a) (the "Equity Cure Expiration Date") using the proceeds of a cash equity contribution to the Borrower (funded with proceeds of common equity issued by the Borrower), and such Indebtedness shall be deemed to have not been outstanding as of the last of the immediately preceding Quarterly Period solely for the purposes of determining compliance with such covenant in Section 6.03(a) (each an "Equity Contribution Cure") at the end of such Quarterly Period or (ii) contribute or transfer additional Projects (or Project Subsidiaries) to Subsidiaries of the Borrower after the last day of such Quarterly Period and on or prior to the date that is thirty (30) days after the day on which financial statements are required to be delivered for that fiscal quarter pursuant to Section 6.01(a) (the "Asset Cure Expiration Date"), and such Projects (or Project Subsidiaries) shall be deemed to have been owned by the Borrower and its Subsidiaries for purposes of determining compliance with such covenant in Section 6.03(a) (each an "Asset Contribution Cure"); provided that (a) written notice of the Borrower's intent to make an Equity Contribution Cure or an Asset Contribution Cure shall be delivered by the Borrower no later than the day on which financial statements are required to be delivered for the applicable fiscal quarter, (b) in each consecutive four (4) fiscal quarter period there will be at least two (2) fiscal consecutive quarters in which no Equity Contribution Cure is made, (c) there shall be no more than three (3) Equity Contribution Cures made in the aggregate after the Closing Date, and (d) the proceeds received by Borrower from all equity contributions for the purposes of making Equity Contribution Cures shall be held in a Borrower Account until applied to the prepayment of the Loans; provided, further, that there shall be no limit on the number of Asset Contribution Cures the Borrower may make. Upon the Administrative Agent's receipt no later than the Equity Cure Expiration Date or Asset Cure Expiration Date, as applicable, of notice from the Borrower of its intent to make an Equity Contribution Cure or Asset Contribution Cure pursuant to this Section 6.03(b), then, unless the Equity Contribution Cure or Asset Contribution Cure, as applicable, is not made on or prior to the Equity Cure Expiration Date or Asset Cure Expiration Date, as applicable, neither any Agent nor any Lender shall exercise the right to accelerate the Loans or terminate the Commitments and neither any Agent nor any Lender shall exercise any right to foreclose on or take possession of the Collateral solely on the basis of an Event of Default having occurred and being continuing under Sections 6.03(b) in respect of the period ending on the last day of such Quarterly Period.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01 Events of Default. Each of the following events shall constitute an event of default (each, an "Event of Default"):

(a) The Borrower shall fail to pay, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), (i) any interest on any Loan or any fee, indemnity or other amount payable under this Agreement (other than any portion thereof constituting principal of the Loans) or any other Loan Document, and such failure continues for a period of three (3) Business Days or (ii) all or any portion of the principal of the Loans;

(b) any representation or warranty made or deemed made by or on behalf of the Borrower, the Pledgor or the Sponsor or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any certificate or financial statement delivered to any Lender pursuant to any Loan Document shall have been incorrect in any material respect when made or deemed made, and such misstatement or inaccuracy could reasonably be expected to materially adversely affect the interests of the Lenders, and, if curable and no Material Adverse Effect has arisen as a result thereof such misstatement or inaccuracy remains unremedied for sixty (60) days after (x) the Borrower's, Pledgor's or Sponsor's obtaining knowledge of such misstatement or (y) receipt by the Borrower of written notice from any Lender of such default;

(c) the Borrower shall fail to perform or comply with any covenant or agreement contained in Section 6.01(a)(i), (ii), (iii) or (vi)(A), Section 6.01(b), Section 6.01(o), Section 6.02 or Section 6.03(a) (but subject to the cure rights provided in Section 6.03(b));

(d) the Borrower or the Pledgor shall fail to perform or comply with any other term, covenant or agreement contained in any Loan Document to be performed or observed by it and, except as set forth in subsections (a), (b) and (b) of this Section 7.01, such failure, if capable of being remedied, shall remain unremedied for 30 days after the earlier of the date such Person has Knowledge of such failure and the date written notice of such default shall have been given by any Agent to such Person; provided, that if (x) such failure can be remedied, (y) such failure cannot reasonably be remedied within such 30 day period and such failure has not caused a Material Adverse Effect and (z) such Person commences cure of such failure within such 30 day period and thereafter diligently seeks to remedy the failure, then an "Event of Default" shall not be deemed to have occurred until the earlier of (A) such time as such Person ceases reasonable efforts to cure such failure, (B) such failure has caused a Material Adverse Effect and (C) 90 days following knowledge of or written notice of such failure;

(e) any Financing Subsidiary, the Borrower, the Pledgor or either SREC Subsidiary (i) shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, (ii) shall be generally not paying its debts as such debts become due or shall admit in writing its inability to pay its debts generally, (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any action to authorize or effect any of the actions set forth above in this subsection (e);

(f) any proceeding shall be instituted against any Financing Subsidiary, the Borrower or the Pledgor or either SREC Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment,

protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including the entry of an order for relief against any such Person or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

(g) any event, proceeding or circumstance described in the foregoing clauses (e) or (f) shall occur with respect to a Project Subsidiary and the Consolidated LTV Ratio is not greater than the Maximum Consolidated LTV Ratio on a pro form basis after disregarding (x) the Indebtedness of such Project Subsidiary and (y) the Discounted Solar Asset Balance of such Project Subsidiary;

(h) any material provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against the Borrower or the Pledgor, as applicable, intended to be a party thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Borrower or the Pledgor, as applicable, or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or the Borrower or the Pledgor, as applicable, shall deny in writing that it has any liability or obligation purported to be created under any Loan Document;

(i) any Security Agreement or any other Security Document, after delivery thereof pursuant hereto, shall for any reason (other than pursuant to the express terms thereof) fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Collateral Agent for the benefit of the Agents and the Lenders on any Collateral purported to be covered thereby;

(j) one or more judgments, orders or awards (or any settlement of any litigation or other proceeding that, if breached, could result in a judgment, order or award) for the payment of money exceeding $3,000,000 in the aggregate (except to the extent fully covered (other than to the extent of customary deductibles) by insurance pursuant to which the insurer has been notified and has not denied coverage) shall be rendered against the Borrower or the Pledgor and remain unsatisfied and (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, order, award or settlement or (ii) there shall be a period of 10 consecutive days after entry thereof during which (A) a stay of enforcement thereof is not be in effect or (B) the same is not vacated, discharged, stayed or bonded pending appeal;

(k) a Change of Control shall have occurred;

(l) an ERISA Event occurs with respect to an Employee Plan or a Multiemployer Plan which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect; or

(m) (i) an event of default occurs under any Permitted Subsidiary Debt Document as a result of the failure of the applicable Financing Subsidiary to pay any principal or interest on the respective Permitted Subsidiary Debt when due or (ii) the holder or holders of any

Permitted Subsidiary Debt (excluding Indebtedness evidenced by the Loan Agreement) or any trustee or agent on its or their behalf, (A) have accelerated, caused to become due, or required the prepayment, repurchase, redemption of defeasance thereof, prior to its stated maturity or the stated maturity of any underlying obligation (other than any mandatory prepayment contemplated by the terms of documents governing such Indebtedness) or (B) have the right to take any of the actions described in the foregoing clause (A), unless (I) in the case of any event described in clause (ii)(B), the relevant creditors controlling such outcome have agreed to forbear and are continuing to forbear from taking the above-described action or (II) in the case of any event described in clause (i) or (ii),in the case of Minor Permitted Subsidiary Debt, the Consolidated LTV Ratio is not greater than the Maximum Consolidated LTV Ratio on a pro form basis after disregarding (x) the Indebtedness of such Financing Subsidiary and its Subsidiaries and (y) the Discounted Solar Asset Balance of the applicable Financing Subsidiary and its Subsidiaries;

then, and in any such event, the Collateral Agent may, and shall at the request of the Required Lenders, by notice to the Borrower, (i) terminate or reduce all Commitments, whereupon all Commitments shall immediately be so terminated or reduced, (ii) declare all or any portion of the Loans then outstanding to be due and payable, whereupon all or such portion of the aggregate principal of all Loans, all accrued and unpaid interest thereon, all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, together with the payment of the Applicable Prepayment Premium (if any) with respect to the Loans so repaid, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, (iii) whether or not the rights and remedies of the Secured Parties under this Section are exercised, instruct any direct Subsidiary of the Borrower to instruct another Subsidiary of the Borrower to take certain actions respect to certain management, operational or other matters as so instructed by such direct Subsidiary and (iv) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; provided, however, that upon the occurrence of any Event of Default described in subsection (e) or (f) of this Section 7.01, without any notice to the Borrower or any other Person or any act by any Agent or any Lender, all Commitments shall automatically terminate and all Loans then outstanding, together with all accrued and unpaid interest thereon, all fees and all other amounts due under this Agreement and the other Loan Documents shall become due and payable automatically and immediately, without presentment, demand, protest or notice of any kind, all of which are expressly waived by the Borrower.

ARTICLE VIII

AGENTS

Section 8.01 Appointment. Each Lender (and each subsequent maker of any Loan by its making thereof) hereby irrevocably appoints, authorizes and empowers the Administrative Agent and the Collateral Agent to perform the duties of each such Agent as set forth in this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto, including: (i) to receive on behalf of each Lender any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued hereunder for the account of the Lenders and paid to such Agent, and, subject to Section 2.02 of this Agreement, to distribute promptly to each Lender its Pro Rata Share of all payments so received; (ii) to distribute to each Lender copies of all material notices and agreements received by such Agent and not required to

be delivered to each Lender pursuant to the terms of this Agreement, provided that the Agents shall not have any liability to the Lenders for any Agent's inadvertent failure to distribute any such notices or agreements to the Lenders; (iii) to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Loans, and related matters and to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Collateral and related matters; (iv) to execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to this Agreement or any other Loan Document; (v) to make the Loans on behalf of the applicable Lenders as provided in this Agreement or any other Loan Document; (vi) to perform, exercise, and enforce any and all other rights and remedies of the Lenders with respect to the Borrower or the Pledgor, the Obligations, or otherwise related to any of same to the extent reasonably incidental to the exercise by such Agent of the rights and remedies specifically authorized to be exercised by such Agent by the terms of this Agreement or any other Loan Document; (vii) to incur and pay such fees necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to this Agreement or any other Loan Document; (viii) subject to Section 8.03, to take such action as such Agent deems appropriate on its behalf to administer the Loans and the Loan Documents and to exercise such other powers delegated to such Agent by the terms hereof or the other Loan Documents (including the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations); and (ix) to act with respect to all Collateral under the Loan Documents, including for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by the Borrower or the Pledgor to secure any of the Obligations. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including enforcement or collection of the Loans), the Agents shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), and such instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) shall be binding upon all Lenders and all makers of Loans; provided, however, the Agents shall not be required to take any action which, in the reasonable opinion of any Agent, exposes such Agent to liability or which is contrary to this Agreement or any other Loan Document or applicable law.

Section 8.02 Nature of Duties; Delegation. (a) The Agents shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. The duties of the Agents shall be mechanical and administrative in nature. The Agents shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any other Loan Document, express or implied, is intended to or shall be construed to impose upon the Agents any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Borrower in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the creditworthiness of the Borrower and the value of the Collateral, and the Agents shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into their possession before the initial Loan hereunder or at any time or times thereafter, provided that, upon

the reasonable request of a Lender, each Agent shall provide to such Lender any documents or reports delivered to such Agent by the Borrower pursuant to the terms of this Agreement or any other Loan Document. If any Agent seeks the consent or approval of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) to the taking or refraining from taking any action hereunder, such Agent shall send notice thereof to each Lender. Each Agent shall promptly notify each Lender any time that the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) have instructed such Agent to act or refrain from acting pursuant hereto.

(b) Each Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any trustee, co-agent, employee, attorney-in-fact and any other Person (including any Lender). Any such Person shall benefit from this Article VIII to the extent provided by the applicable Agent. Neither Agent shall be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that such Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

Section 8.03 Rights, Exculpation, Etc. The Agents and their directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by them under or in connection with this Agreement or the other Loan Documents, except for their own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Without limiting the generality of the foregoing, the Agents (i) may treat the payee of any Loan as the owner thereof until the Collateral Agent receives written notice of the assignment or transfer thereof, pursuant to Section 9.07 hereof, signed by such payee and in form satisfactory to the Collateral Agent; (ii) may consult with legal counsel (including counsel to any Agent or counsel to the Borrower), independent public accountants, and other experts selected by any of them and shall not be liable for any action taken or omitted to be taken in good faith by any of them in accordance with the advice of such counsel or experts; (iii) make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, certificates, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Person, the existence or possible existence of any Default or Event of Default, or to inspect the Collateral or other property (including the books and records) of any Person; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Collateral Agent's Lien thereon, or any certificate prepared by the Borrower in connection therewith, nor shall the Agents be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral. The Agents shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 3.03, and if any such apportionment or distribution is subsequently determined to have been made in error, and the sole recourse of any Lender to whom payment was due but not made shall be to recover from other Lenders any payment in excess of

the amount which they are determined to be entitled. The Agents may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents the Agents are permitted or required to take or to grant, and if such instructions are promptly requested, the Agents shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents until they shall have received such instructions from the Required Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents).

Section 8.04 Reliance. Each Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that, by its terms, must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan.

Section 8.05 Indemnification. To the extent that any Agent or its respective directors, officers, employees or agents is not reimbursed and indemnified by the Borrower, and whether or not such Agent has made demand on the Borrower for the same, the Lenders will, within five days of written demand by such Agent, reimburse such Agent and its respective directors, officers, employees or agents for and indemnify such Agent and its directors, officers, employees and agents from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including client charges and expenses of counsel or any other advisor to such Agent or its directors, officers, employees or agents), advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent or its directors, officers, employees or agents in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by such Agent under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share, including advances and disbursements made pursuant to Section 8.08; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements for which there has been a final non-appealable judicial determination that such liability resulted from such Agent's gross negligence or willful misconduct. The obligations of the Lenders under this Section 8.05 shall survive the payment in full of the Loans and the termination of this Agreement.

Section 8.06 Agents Individually. With respect to its Pro Rata Share of the Commitment hereunder and the Loans made by it, each Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or maker of a Loan. The terms "Lenders" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include each Agent in its

individual capacity as a Lender or one of the Required Lenders. Each Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Borrower as if it were not acting as an Agent pursuant hereto without any duty to account to the other Lenders.

Section 8.07 Successor Agent. (a) Any Agent may at any time give at least 30 days prior written notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor Agent. If no such successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Agent. Whether or not a successor Agent has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by such Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through such retiring Agent shall instead be made by or to each Lender directly, until such time, if any, as a successor Agent shall have been appointed as provided for above. Upon the acceptance of a successor's Agent's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article, Section 9.04 and Section 9.15 shall continue in effect for the benefit of such retiring Agent in respect of any actions taken or omitted to be taken by it while the retiring Agent was acting as Agent.

Section 8.08 Collateral Matters.

(a) The Lenders hereby irrevocably authorize the Collateral Agent, at its option and in its discretion, to release any Lien granted to or held by the Collateral Agent upon any Collateral upon termination of the Commitment and payment and satisfaction of all Loans and all other Obligations (other than Contingent Indemnity Obligations) in accordance with the terms hereof; or constituting property being sold or disposed of in the ordinary course of the Borrower's business or otherwise in compliance with the terms of this Agreement and the other Loan Documents; or constituting property in which the Borrower owned no interest at the time the Lien was granted or at any time thereafter; or if approved, authorized or ratified in writing by the Lenders in accordance with Section 9.02. Upon request by the Collateral Agent at any time, the Lenders will confirm in writing the Collateral Agent's authority to release particular types or items of Collateral pursuant to this Section 8.08(a).

(b) Without in any manner limiting the Collateral Agent's authority to act without any specific or further authorization or consent by the Lenders (as set forth in Section 8.08(a)), each Lender agrees to confirm in writing, upon request by the Collateral Agent, the

authority to release Collateral conferred upon the Collateral Agent under Section 8.08(a). Upon receipt by the Collateral Agent of confirmation from the Lenders of its authority to release any particular item or types of Collateral, and upon prior written request by the Borrower, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Agents and the Lenders upon such Collateral; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligations or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Lien upon (or obligations of the Borrower in respect of) all interests in the Collateral retained by the Borrower.

(c) Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, each Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral under any Loan Document, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Collateral Agent for the benefit of the Lenders in accordance with the terms thereof, (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, the Administrative Agent, the Collateral Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and (iii) the Collateral Agent, as agent for and representative of the Agents and the Lenders (but not any other Agent or any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled (either directly or through one or more acquisition vehicles) for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral to be sold (A) at any public or private sale, (B) at any sale conducted by the Collateral Agent under the provisions of the Uniform Commercial Code (including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code), (C) at any sale or foreclosure conducted by the Collateral Agent (whether by judicial action or otherwise) in accordance with applicable law or (D) any sale conducted pursuant to the provisions of any Debtor Relief Law (including Section 363 of the Bankruptcy Code), to use and apply all or any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale.

(d) The Collateral Agent shall have no obligation whatsoever to any Lender to assure that the Collateral exists or is owned by the Borrower or the Pledgor or is cared for, protected or insured or has been encumbered or that the Lien granted to the Collateral Agent pursuant to this Agreement or any other Loan Document has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Collateral Agent in this Section 8.08 or in any other Loan Document, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Collateral Agent's own interest in the Collateral as one of the Lenders and that the Collateral Agent shall have no duty or liability whatsoever to any other Lender, except as otherwise provided herein.

Section 8.09 Agency for Perfection. Each Agent and each Lender hereby appoints each other Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession or control (or where the security interest of a secured party with possession or control has priority over the security interest of another secured party) and each Agent and each Lender hereby acknowledges that it holds possession of or otherwise controls any such Collateral for the benefit of the Agents and the Lenders as secured party. Should the Administrative Agent or any Lender obtain possession or control of any such Collateral, the Administrative Agent or such Lender shall notify the Collateral Agent thereof, and, promptly upon the Collateral Agent's request therefor shall deliver such Collateral to the Collateral Agent or in accordance with the Collateral Agent's instructions. In addition, the Collateral Agent shall also have the power and authority hereunder to appoint such other sub-agents as may be necessary or required under applicable state law or otherwise to perform its duties and enforce its rights with respect to the Collateral and under the Loan Documents. The Borrower by its execution and delivery of this Agreement hereby consents to the foregoing.

Section 8.10 No Reliance on any Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on any Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other requirements imposed by the USA PATRIOT Act or the regulations issued thereunder, including the regulations set forth in 31 C.F.R. §§ 1010.100(yy), (iii), 1020.100, and 1020.220 (formerly 31 C.F.R. § 103.121), as hereafter amended or replaced ("CIP Regulations"), or any other Sanctions, including any programs involving any of the following items relating to or in connection with the Borrower, its Affiliates or its agents, the Loan Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any recordkeeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or other regulations issued under the USA PATRIOT Act. Each Lender, Affiliate, participant or assignee subject to Section 326 of the USA PATRIOT Act will perform the measures necessary to satisfy its own responsibilities under the CIP Regulations.

Section 8.11 No Third Party Beneficiaries. The provisions of this Article are solely for the benefit of the Secured Parties, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions.

Section 8.12 No Fiduciary Relationship. It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 8.13 Reports; Confidentiality; Disclaimers. By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that each Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report with respect to the Borrower or any of its Subsidiaries (each, a "Report") prepared by or at the request of such Agent, and each Agent shall so furnish each Lender with each such Report,

(b) expressly agrees and acknowledges that the Agents (i) do not make any representation or warranty as to the accuracy of any Reports, and (ii) shall not be liable for any information contained in any Reports,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that any Agent or other party performing any audit or examination will inspect only specific information regarding the Borrower and its Subsidiaries and will rely significantly upon the Borrower's and its Subsidiaries' books and records, as well as on representations of their personnel,

(d) agrees to keep all Reports and other material, non-public information regarding the Borrower and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 9.19, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold any Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrower, and (ii) to pay and protect, and indemnify, defend and hold any Agent and any other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys' fees and costs) incurred by any such Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

Section 8.14 Collateral Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to the Borrower, the Collateral Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Secured Parties (including any claim for the compensation, expenses, disbursements and advances of the Secured Parties and their respective agents and counsel and all other amounts due the Secured Parties hereunder and under the other Loan Documents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Secured Party to make such payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Collateral Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Collateral Agent and its agents and counsel, and any other amounts due the Collateral Agent hereunder and under the other Loan Documents.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Notices, Etc.

(a) Notices Generally. All notices and other communications provided for hereunder shall be in writing and shall be delivered by hand, sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, telecopier or email. In the case of notices or other communications to the Borrower, Administrative Agent or the Collateral Agent, as the case may be, they shall be sent to the respective address set forth below (or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 9.01):

If to the Borrower:

Vivint Solar Financing Holding, LLC
c/o Vivint Solar, Inc.
1800 W Ashton Blvd
Lehi, UT 84043
Attn: [***]
Facsimile: [***]
Email: [***]

with a copy to:

Vivint Solar, Inc.
1800 W Ashton Blvd
Lehi, UT 84043
Attn: Vivint Solar Legal Department
Facsimile: (801) 765-5746
Email: solarlegal@vivintsolar.com

If to the Administrative Agent:

BID Administrator LLC
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

with a copy to:

BID Administrator LLC
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

If to the Collateral Agent:

BID Administrator LLC
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

with a copy to:

BID Administrator LLC
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

All notices or other communications sent in accordance with this Section 9.01, shall be deemed received on the earlier of the date of actual receipt or three (3) Business Days after the deposit

thereof in the mail; provided that (i) notices sent by overnight courier service shall be deemed to have been given when received and (ii) notices by telecopier or e-mail shall be deemed to have been given when sent and confirmation received (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient); provided further that notices to any Agent pursuant to Article II shall not be effective until received by such Agent.

(b) Electronic Communications.

(i) Each Agent and the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agents; provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Agents that it is incapable of receiving notices under such Article by electronic communication.

(ii) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (A), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (A) and (B) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

Section 9.02 Amendments, Etc. (a) No amendment or waiver of any provision of this Agreement or any other Loan Document (excluding the Fee Letter), and no consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed (x) in the case of an amendment, consent or waiver to cure any ambiguity, omission, defect or inconsistency or granting a new Lien for the benefit of the Agents and the Lenders or extending an existing Lien over additional property, by the Agents and the Borrower, (y) in the case of any other waiver or consent, by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and (z) in the case of any other amendment, by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall:

(i) increase the Commitment of any Lender, reduce the principal of, or interest on, the Loans payable to any Lender, reduce the amount of any fee payable for the account of any Lender, or postpone or extend any scheduled date fixed for any payment of

principal of, or interest or fees on, the Loans payable to any Lender, in each case, without the written consent of such Lender;

(ii) increase the Commitment without the written consent of each Lender;

(iii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that is required for the Lenders or any of them to take any action hereunder without the written consent of each Lender;

(iv) amend the definition of "Required Lenders" or "Pro Rata Share" without the written consent of each Lender;

(v) release all or a substantial portion of the Collateral (except as otherwise provided in this Agreement and the other Loan Documents), subordinate any Lien granted in favor of the Collateral Agent for the benefit of the Agents and the Lenders, or release the Borrower or the Pledgor (except as otherwise expressly provided under this Agreement or any other Loan Document), in each case, without the written consent of each Lender; or

(vi) amend, modify or waive Section 3.02, Section 3.03, Section 4.02 or this Section 9.02 of this Agreement without the written consent of each Lender.

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall, unless in writing and signed by an Agent, affect the rights or duties of such Agent (but not in its capacity as a Lender) under this Agreement or the other Loan Documents, and (B) the consent of the Borrower shall not be required to change any order of priority set forth in Section 2.05(d) and Section 3.03.

(b) If any action to be taken by the Lenders hereunder requires the consent, authorization or agreement of all of the Lenders or any Lender affected thereby, and a Lender other than the Collateral Agent and the Administrative Agent and their respective Affiliates and Related Funds (the "Holdout Lender") fails to give its consent, authorization, or agreement, then the Administrative Agent, upon at least five (5) Business Days prior irrevocable notice to the Holdout Lender, may, subject to compliance with applicable laws, permanently replace the Holdout Lender with one or more Replacement Lenders, and the Holdout Lender shall otherwise have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given. Prior to the effective date of such replacement, the Holdout Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender being repaid its share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Holdout Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 9.07(b). Until such time as the Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender

hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make its Pro Rata Share of the Loans.

Section 9.03 No Waiver; Remedies, Etc. No failure on the part of any Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agents and the Lenders provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agents and the Lenders under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Agents and the Lenders to exercise any of their rights under any other Loan Document against such party or against any other Person.

Section 9.04 Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket costs and expenses incurred by the Agents, any servicer or custodian retained by any Agent and Lenders and their respective Affiliates in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof, including the reasonable and documented fees, charges and disbursements of counsel (but limited to one primary counsel for the Administrative Agent, the other Agents and their respective Affiliates (and, in the case of an actual conflict of interest, where the party affected by such conflict, informs the Borrower of such conflict and thereafter retains its own counsel, of another firm of counsel for each such affected person)) and (ii) all out-of-pocket costs and expenses incurred by the Agents, any servicer or custodian retained by any Agent and each Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any servicer or custodian retained by any Agent or any Lender) in connection with the enforcement or protection of any rights and remedies under this Agreement and the other Loan Documents, including all such costs and expenses incurred during any legal proceeding, including any proceeding under any Debtor Relief Law, and including in connection with any workout, restructuring or negotiations in respect of the Loan Documents, including the reasonable fees, charges and disbursements of counsel (but limited to one counsel for the Administrative Agent, the other Agents and the Lenders taken a whole (and, in the case of an actual conflict of interest, where the party affected by such conflict, informs the Borrower of such conflict and thereafter retains its own counsel, of another firm of counsel for each such affected person)).

Section 9.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, any Agent or any Lender may, and is hereby authorized to, at any time and from time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower) and to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Agent or such Lender or any of their respective Affiliates to or for the credit or the account of the Borrower against any and all obligations of the Borrower either now or hereafter existing under any Loan Document, irrespective of whether or not such Agent or such Lender shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured; provided that in the event that any Defaulting Lender shall exercise any such right of set-off, (a) all amounts so set off shall be paid over immediately to the

Administrative Agent for further application in accordance with the provisions of Section 3.04 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agents and the Lenders, and (b) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of set-off. Each Agent and each Lender agrees to notify the Borrower promptly after any such set-off and application made by such Agent or such Lender or any of their respective Affiliates; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agents and the Lenders under this Section 9.05 are in addition to the other rights and remedies (including other rights of set-off) which the Agents and the Lenders may have under this Agreement or any other Loan Documents of law or otherwise.

Section 9.06 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 9.07 Assignments and Participations.

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the Borrower and each Agent and each Lender and their respective successors and assigns; provided, however, that the Borrower may not assign or transfer any of its rights hereunder or under the other Loan Documents without the prior written consent of each Lender and any such assignment without the Lenders' prior written consent shall be null and void.

(b) Subject to the conditions set forth in clause (c) below, each Lender may, with the prior written consent of the Administrative Agent (not to be unreasonably withheld or delayed) and, so long as no Event of Default shall have occurred and be continuing, the Borrower, assign to one or more other lenders or other entities all or a portion of its rights and obligations under this Agreement with respect to:

(i) all or a portion of its unfunded Commitment; or

(ii) all or a portion of any Loan made by it;

provided, however, that (A) no written consent of the Administrative Agent shall be required if such assignment is in connection with any merger, consolidation, sale, transfer, or other disposition of all or any substantial portion of the business or loan portfolio of such Lender and (B) no written consent of the Administrative Agent or the Borrower shall be required if such assignment is to an Affiliate or a Related Fund of such Lender; provided, further, that no written consent of the Administrative Agent or the Borrower pursuant to clauses (b)(i) and (b)(ii) above shall be required with respect to an assignment to a Brookfield Fund so long as, after giving effect to such assignment, the Brookfield Funds constitute the Required Lenders; provided, further, that, notwithstanding the foregoing, any assignment of a Lender's unfunded Commitment shall require the written consent of the Borrower, unless an Event of Default shall have occurred and be continuing or such assignment is to an investment fund, account or company managed, advised or sub-advised by Brookfield Renewable Partners L.P. or to another Lender that is a Lender as of the

Closing Date. For purposes of this Agreement, "Brookfield Funds" shall mean certain investment funds, accounts or companies managed, advised or sub-advised by Brookfield Asset Management, Inc.

(c) Assignments shall be subject to the following additional conditions:

(i) Each such assignment shall be in an amount which is at least $1,000,000 or a multiple of $500,000 in excess thereof (or the remainder of such Lender's Commitment or outstanding Loans) (except such minimum amount shall not apply to an assignment by a Lender to (A) a Lender, an Affiliate of such Lender or a Related Fund of such Lender or (B) a group of new Lenders, each of whom is an Affiliate or Related Fund of each other to the extent the aggregate amount to be assigned to all such new Lenders is at least $5,000,000 or a multiple of $1,000,000 in excess thereof);

(ii) The parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance, an Assignment and Acceptance, together with any promissory note subject to such assignment and such parties shall deliver to the Collateral Agent, for the benefit of the Collateral Agent, a processing and recordation fee of $5,000 (except the payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of a Lender or a Related Fund of a Lender);

(iii) No such assignment shall be made to (A) the Borrower or any of its Affiliates or (B) any Defaulting Lender or any of its Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B);

(iv) No assignment may be made to a natural person or a Disqualified Institution; and

(v) No assignment of any unfunded commitment may be made to any Person that is not an Eligible Assignee.

(d) Upon such execution, delivery and acceptance, from and after the effective date specified in each Assignment and Acceptance and recordation on the Register, which effective date shall be at least three (3) Business Days after the delivery thereof to the Collateral Agent (or such shorter period as shall be agreed to by the Collateral Agent and the parties to such assignment), (A) the assignee thereunder shall become a "Lender" hereunder and, in addition to the rights and obligations hereunder held by it immediately prior to such effective date, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(e) By executing and delivering an Assignment and Acceptance, the assigning Lender and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning

Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of its Subsidiaries or the performance or observance by the Borrower of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Lender, any Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (v) such assignee appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agents by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(f) The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain, or cause to be maintained, a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitments of, and the principal amount of the Loans (and stated interest thereon) (the "Registered Loans") owing to, each Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(g) Upon receipt by the Administrative Agent of a completed Assignment and Acceptance, and subject to any consent required from the Collateral Agent pursuant to Section 9.07(b) (which consent of the Collateral Agent must be evidenced by the Collateral Agent's execution of an acceptance to such Assignment and Acceptance), the Administrative Agent shall accept such assignment, record the information contained therein in the Register (as adjusted to reflect any principal payments on or amounts capitalized and added to the principal balance of the Loans and/or Commitment reductions made subsequent to the effective date of the applicable assignment, as confirmed in writing by the corresponding assignor and assignee in conjunction with delivery of the assignment to the Administrative Agent) and provide to the Collateral Agent a copy of the fully executed Assignment and Acceptance.

(h) A Registered Loan (and the registered note, if any, evidencing the same) may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register (and each registered note shall expressly so provide). Any assignment or sale of all or part of such Registered Loan (and the registered note, if any, evidencing the same) may be effected

only by registration of such assignment or sale on the Register, together with the surrender of the registered note, if any, evidencing the same duly endorsed by (or accompanied by a written instrument of assignment or sale duly executed by) the holder of such registered note, whereupon, at the request of the designated assignee(s) or transferee(s), one or more new registered notes in the same aggregate principal amount shall be issued to the designated assignee(s) or transferee(s). Prior to the registration of assignment or sale of any Registered Loan (and the registered note, if any, evidencing the same), the Agents shall treat the Person in whose name such Registered Loan (and the registered note, if any, evidencing the same) is registered on the Register as the owner thereof for the purpose of receiving all payments thereon, notwithstanding notice to the contrary.

(i) In the event that any Lender sells participations in all or a portion of its rights and obligations under this Agreement, such Lender shall, acting for this purpose as a non-fiduciary agent on behalf of the Borrower, maintain, or cause to be maintained, a register, on which it enters the names and addresses of all participants in the Registered Loans held by it and the amount and terms of each participation (the "Participant Register"). A Loan under this Agreement (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). The Participant Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(j) Any Non-U.S. Lender who purchases or is assigned or participates in any portion of such Registered Loan shall comply with Section 2.07(d).

(k) Each Lender may sell participations to one or more banks or other entities (other than a Disqualified Institution unless an Event of Default has occurred and is continuing) in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans made by it); provided that (i) such Lender's obligations under this Agreement (including its Commitments hereunder) and the other Loan Documents shall remain unchanged; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and the Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents; and (iii) a participant shall not be entitled to require such Lender to take or omit to take any action or to consent to such Lender taking any action hereunder except (A) action directly effecting an extension of the maturity dates or decrease in the principal amount of the Loans, (B) action directly effecting an extension of the due dates or a decrease in the rate of interest payable on the Loans or the fees payable under this Agreement, or (C) actions directly effecting a release of all or a substantial portion of the Collateral or the Borrower (except as set forth in Section 8.08 of this Agreement or any other Loan Document). The Borrower agrees that each participant shall be entitled to the benefits of Section 2.07 of this Agreement with respect to its participation in any portion of the Commitments and the Loans as if it was a Lender.

(l) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or loans made to such Lender pursuant to securitization or similar credit facility (a "Securitization"); provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute

any such pledgee or assignee for such Lender as a party hereto. The Borrower shall provide such information as may be reasonably requested by such Lender in connection with the rating of its Loans or the Securitization.

(m) Participants will not be entitled to any greater payment under Sections 2.07 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant.

(n) Notwithstanding anything in this Agreement or the other Loan Documents, except as expressly set forth above in subsection (c)(iii) and (c)(iv) of this Section 9.07, there shall be no limitation or restriction on (I) the ability of any Lender to assign or otherwise transfer its rights and/or obligations under this Agreement or any Loan Document, any Commitment, or any Loan to any lender to or financing or funding source of a Lender or (II) any such lender's or funding or financing source's ability to assign or otherwise transfer its rights and/or obligations under this Agreement or any Loan Document, any Commitment, or any Loan; provided, however, that the assigning Lender shall continue to be liable as a "Lender" under this Agreement and the Lender Documents unless the assignee complies with the provisions of this Agreement to become a "Lender."

Section 9.08 Counterparts; Electronic Execution of Loan Documents.

(a) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telecopier or electronic mail also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

(b) The words "execution," "signed," "signature," and words of like import in this Agreement and the other Loan Documents shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Requirements of Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 9.09 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

Section 9.10 CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE.

(a) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE BORROWER HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY ANY MEANS PERMITTED BY APPLICABLE LAW, INCLUDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN SECTION 9.01, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. THE LOAN PARTIES AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENTS AND THE LENDERS TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE BORROWER IN ANY OTHER JURISDICTION. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 9.11 WAIVER OF JURY TRIAL, ETC. THE BORROWER, EACH AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THE BORROWER CERTIFIES THAT NO OFFICER, REPRESENTATIVE, AGENT OR ATTORNEY OF ANY AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ANY AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS. THE BORROWER HEREBY

ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENTS AND THE LENDERS ENTERING INTO THIS AGREEMENT.

Section 9.12 Consent by the Agents and Lenders. Except as otherwise expressly set forth herein to the contrary or in any other Loan Document, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action (an "Action") of any Agent or any Lender shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which the Borrower is a party and to which any Agent or any Lender has succeeded thereto, such Action shall be required to be in writing and may be withheld or denied by such Agent or such Lender, in its sole discretion, with or without any reason, and without being subject to question or challenge on the grounds that such Action was not taken in good faith.

Section 9.13 No Party Deemed Drafter. Each of the parties hereto agrees that no party hereto shall be deemed to be the drafter of this Agreement.

Section 9.14 Reinstatement; Certain Payments. If any claim is ever made upon any Secured Party for repayment or recovery of any amount or amounts received by such Secured Party in payment or on account of any of the Obligations, such Secured Party shall give prompt notice of such claim to each other Agent and Lender and the Borrower, and if such Secured Party repays all or part of such amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such Secured Party or any of its property, or (ii) any good faith settlement or compromise of any such claim effected by such Secured Party with any such claimant, then and in such event the Borrower agrees that (A) any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding the cancellation of any Indebtedness hereunder or under the other Loan Documents or the termination of this Agreement or the other Loan Documents, and (B) it shall be and remain liable to such Secured Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such Secured Party.

Section 9.15 Indemnification; Limitation of Liability for Certain Damages.

(a) In addition to the Borrower's other Obligations under this Agreement, the Borrower agrees to defend, protect, indemnify and hold harmless each Secured Party and all of their respective Affiliates, officers, directors, employees, attorneys, consultants, servicers, custodians and agents (collectively called the "Indemnitees") from and against any and all losses, damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including reasonable attorneys' fees, costs and expenses) incurred by such Indemnitees, whether prior to or from and after the Closing Date, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) any Agent's or any Lender's furnishing of funds to the Borrower under this Agreement or the other Loan Documents, including the management of any such Loans or the Borrower's use of the proceeds thereof, (iii) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any

Indemnitee is a party thereto (collectively, the "Indemnified Matters"); provided, however, that the Borrower shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter caused by the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction, or for disputes among Indemnitees.

(b) To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 9.15 may be unenforceable because it is violative of any law or public policy, the Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

(c) The Borrower shall not assert, and the Borrower hereby waives, any claim against the Indemnitees, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and the Borrower hereby waives, releases and agrees not to sue upon any such claim or seek any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(d) The indemnities and waivers set forth in this Section 9.15 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 9.16 Records. The unpaid principal of and interest on the Loans, the interest rate or rates applicable to such unpaid principal and interest, the duration of such applicability, the Commitments, and the accrued and unpaid fees payable pursuant to Section 2.06 hereof, including the fees set forth in the Fee Letter and the Applicable Prepayment Premium, shall at all times be ascertained from the records of the Agents, which shall be conclusive and binding absent manifest error.

Section 9.17 Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, each Agent and each Lender and when the conditions precedent set forth in Section 4.01 hereof have been satisfied or waived in writing by the Agents, and thereafter shall be binding upon and inure to the benefit of the Borrower, each Agent and each Lender, and their respective successors and assigns, except that the Borrower shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of each Agent and each Lender, and any assignment by any Lender shall be governed by Section 9.07 hereof.

Section 9.18 Highest Lawful Rate. It is the intention of the parties hereto that each Agent and each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or by any other Loan Document would be usurious as to any Agent or any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to

such Agent or such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Agent or any Lender that is contracted for, taken, reserved, charged or received by such Agent or such Lender under this Agreement or any other Loan Document or agreements or otherwise in connection with the Obligations shall under no circumstances exceed the maximum amount allowed by such applicable law, any excess shall be canceled automatically and if theretofore paid shall be credited by such Agent or such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Agent or such Lender, as applicable, to the Borrower); and (ii) in the event that the maturity of the Obligations is accelerated by reason of any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Agent or any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall, subject to the last sentence of this Section 9.18, be canceled automatically by such Agent or such Lender, as applicable, as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Agent or such Lender, as applicable, on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by such Agent or such Lender to the Borrower). All sums paid or agreed to be paid to any Agent or any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Agent or such Lender, be amortized, prorated, allocated and spread throughout the full term of the Loans until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (x) the amount of interest payable to any Agent or any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Agent or such Lender pursuant to this Section 9.18 and (y) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Agent or such Lender would be less than the amount of interest payable to such Agent or such Lender computed at the Highest Lawful Rate applicable to such Agent or such Lender, then the amount of interest payable to such Agent or such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Agent or such Lender until the total amount of interest payable to such Agent or such Lender shall equal the total amount of interest which would have been payable to such Agent or such Lender if the total amount of interest had been computed without giving effect to this Section 9.18.

For purposes of this Section 9.18, the term "applicable law" shall mean that law in effect from time to time and applicable to the loan transaction between the Borrower, on the one hand, and the Agents and the Lenders, on the other, that lawfully permits the charging and collection of the highest permissible, lawful non-usurious rate of interest on such loan transaction and this Agreement, including laws of the State of New York and, to the extent controlling, laws of the United States of America.

The right to accelerate the maturity of the Obligations does not include the right to accelerate any interest that has not accrued as of the date of acceleration.

Section 9.19 Confidentiality. Each Agent and each Lender agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound practices of comparable commercial finance companies, any non-public information supplied to it by the Borrower pursuant to this Agreement or the other Loan Documents (and which at the time is not, and does not thereafter become, publicly available or available to such Person from another source not known to be subject to a confidentiality obligation to such Person not to disclose such information), provided that nothing herein shall limit the disclosure by any Agent or any Lender of any such information (i) to its Affiliates and to its and its Affiliates' respective equityholders (including partners), directors, officers, employees, agents, trustees, counsel, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential in accordance with this Section 9.19); (ii) to any other party hereto; (iii) to any assignee or participant (or prospective assignee or participant) or any party to a Securitization so long as such assignee or participant (or prospective assignee or participant) or party to a Securitization first agrees, in writing, to be bound by confidentiality provisions similar in substance to this Section 9.19; (iv) to the extent required by any Requirements of Law or judicial process or as otherwise requested by any Governmental Authority, provided that such Agent or Lender shall, to the extent practical and not prohibited by applicable law, (A) promptly notify the Borrower prior to such disclosure and (B) make such requests to resist or narrow such requirement or request as the Borrower may reasonably request (it being understood and agreed that, notwithstanding the foregoing, no Agent or Lender shall be required to commence or prosecute any action or proceeding); (v) to the National Association of Insurance Commissioners or any similar organization, any examiner, auditor or accountant or any nationally recognized rating agency or otherwise to the extent consisting of general portfolio information that does not identify the Borrower; (vi) in connection with any litigation to which any Agent or any Lender is a party; (vii) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; or (viii) with the consent of the Borrower.

Section 9.20 Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

Section 9.21 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the entities composing the Borrower, which information includes the name and address of each such entity and other information that will allow such Lender to identify the entities composing the Borrower in accordance with the USA PATRIOT Act. The Borrower agrees to take such action and execute, acknowledge and deliver at its sole cost and expense, such instruments and documents as any Lender may reasonably require from time to time in order to enable such Lender to comply with the USA PATRIOT Act.

Section 9.22 Mitigation Obligation; Replacement of Lenders.

(a) If the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.07, then such Lender shall, as applicable, use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder, to assign its rights and obligations hereunder to another of its offices, branches or affiliates or to take such other actions as such Lender determines, if, in the good faith judgment of such Lender, such designation, assignment or other action (i) would eliminate or reduce amounts payable pursuant to Section 2.07 in the future, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and such Lender would not suffer any economic, legal or regulatory disadvantage in any material respect. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.07, then the Borrower may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.07), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(A) the assignment fee specified in Section 9.07(c) shall have been paid or waived;

(B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.07) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(C) in the case of any such assignment resulting in payments required to be made pursuant to Section 2.07, such assignment will result in the elimination of such compensation or payments thereafter; and

(D) such assignment does not conflict with any applicable Requirements of Law.

(c) A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 9.23 Release of Liens. (a) Upon the date on which all of the Obligations (other than Contingent Indemnity Obligations) have been paid in full in immediately available funds and all Commitments have been terminated or (b) in the event any property of the Borrower is conveyed, sold, leased, assigned, transferred or disposed of in a Permitted Disposition, the

Collateral Agent shall, in the case of clauses (a) and (b), upon the Borrower's request and at the Borrower's expense, without any representation, warranty or recourse whatsoever, (A) promptly return to the Borrower (or whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct) the Collateral (in the case of clause (a)) or the Collateral transferred pursuant to the Permitted Disposition (in the case of clause (b)) and (B) promptly execute and deliver to the Borrower such documents, in form and substance reasonably satisfactory to Collateral Agent, as the Borrower shall reasonably request to evidence such release.

Section 9.24 Non-Recourse. Except as set forth in this Section 9.24, notwithstanding anything in this Agreement or the other Loan Documents to the contrary, the Agents and the Lenders shall have no claims with respect to this Agreement or any other Loan Document or the transactions contemplated thereby against any shareholder or holder of Equity Interests in the Borrower or any of its or their respective Affiliates (other than the Pledgor), shareholders, officers, directors or employees (collectively, but excluding the Pledgor, the "Non-Recourse Persons"), and the Secured Parties' recourse against the Non-Recourse Persons shall be limited to the Collateral as and to the extent provided herein and in the Security Documents; provided that (a) the foregoing provision of this Section 9.24 shall not constitute a waiver, release or discharge of any of the indebtedness, or of any of the terms, covenants, conditions, or provisions of this Agreement, any other Security Document or Loan Document and the same shall continue (but without personal liability to the Non-Recourse Persons) until fully paid, discharged, observed, or performed, and (b) the foregoing provision of this Section 9.24 shall not limit or restrict the right of any Secured Party (or any assignee, beneficiary or successor to any of them) to name the Borrower, Pledgor or any other Person as a defendant in any action or suit for a judicial foreclosure or for the exercise of any other remedy under or with respect to this Agreement or any other Loan Document, or for injunction or specific performance, so long as no judgment in the nature of a deficiency judgment shall be enforced against any Non-Recourse Person, except as set forth in this Section 9.24. The limitations on recourse set forth in this Section 9.24 shall survive the termination of this Agreement and the full payment and performance of the Obligations hereunder and under the other Loan Documents.

Section 9.25 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder and shall continue in full force and effect until the date all payment obligations under the Loans have been indefeasibly paid in full in cash. The provisions of Sections 2.07, 3.02, 9.04 and 9.15 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Obligations and the termination of the Commitments or the termination of this Agreement, any other Loan Document or any provision hereof or thereof.

Section 9.26 Consent to Clarke Side Letter. By executing below or, with respect to any Lender not party hereto on the Closing Date, any Assignment and Acceptance, each of the Lenders hereby authorizes and directs each Agents to execute the Clarke Side Letter.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC

By: /s/ Thomas Plagemann
Name: Thomas Plagemann
Title: Chief Commercial Officer

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

[***]

By: /s/ Fred Day
Name: Fred Day
Title: President

[Signature Page to Loan Agreement]

LENDERS:

[***]

By: /s/ Paul Forestell
Name: Paul Forestell
Title: CEO, President

By: /s/ Carmen Woo
Name: Carmen Woo
Title: Chief Financial Officer

[Signature Page to Loan Agreement]

[***]

By: [***]

By: /s/ Fred Day
Name: Fred Day
Title: Authorized Person

[***]

By [***]

By: /s/ Jane Sheere
Name: Jane Sheere
Title: Secretary

[***]

By [***]

By: /s/ Jane Sheere
Name: Jane Sheere
Title: Secretary

Annex I

Lenders and Lenders' Commitments

Lenders	Initial Commitment	Delayed Draw Commitment	Commitment
[***]	$[***]	$[***]	$[***]
[***]	$[***]	$[***]	$[***]
[***]	$[***]	$[***]	$[***]
[***]	$[***]	$[***]	$[***]
Total	**$**[***]	**$**[***]	**$**[***]

Annex II

Disqualified Institutions

None.

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Schedule 5.01(e)

Capitalization

Entity	Jurisdiction	Record Owner	Interest
Vivint Solar Financing Holdings 2 Borrower, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower Parent, LLC	100%
Vivint Solar SREC Financing, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower, LLC	100%
Vivint Solar SREC Aggregator, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower, LLC	100%
Vivint Solar Financing III Holdings, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower, LLC	100%
Vivint Solar Financing IV Holdings, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower, LLC	100%
Vivint Solar Financing V Holdings, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower, LLC	100%
Vivint Solar Financing VI Holdings, LLC	Delaware	Vivint Solar Financing Holdings 2 Borrower, LLC	100%
Vivint Solar Financing III Parent, LLC	Delaware	Vivint Solar Financing III Holdings, LLC	100%
Vivint Solar Financing IV Parent, LLC	Delaware	Vivint Solar Financing IV Holdings, LLC	100%
Vivint Solar Financing V Parent, LLC	Delaware	Vivint Solar Financing V Holdings, LLC	100%
Vivint Solar Financing VI Parent, LLC	Delaware	Vivint Solar Financing VI Holdings, LLC	100%
Vivint Solar Financing III, LLC	Delaware	Vivint Solar Financing III Parent, LLC	100%
Vivint Solar SREC Guarantor III, LLC	Delaware	Vivint Solar Financing III, LLC	100%
Vivint Solar Fund XIII Manager, LLC	Delaware	Vivint Solar Financing III, LLC	100%
Vivint Solar Fund XVIII Manager, LLC	Delaware	Vivint Solar Financing III, LLC	100%
Vivint Solar Fund XI Manager, LLC	Delaware	Vivint Solar Financing III, LLC	100%

Entity	Jurisdiction	Record Owner	Interest
Vivint Solar Fund XVI Manager, LLC	Delaware	Vivint Solar Financing III, LLC	100%
Vivint Solar Fund XIII Project Company, LLC	Delaware	Vivint Solar Fund XIII Manager, LLC	100% of Class B
		Firstar Development, LLC	100% of Class A
Vivint Solar Fund XVIII Project Company, LLC	Delaware	Vivint Solar Fund XVIII Manager, LLC	100% of Class B
		BAL Investment & Advisory, Inc.	100% of Class A
Vivint Solar Fund XI Project Company, LLC	Delaware	Vivint Solar Fund XI Manager, LLC	100% of Class B
		Firstar Development, LLC	1% of Class A
		USB VS SIF, LLC	99% of Class A
Vivint Solar Fund XVI Lessor, LLC	Delaware	Vivint Solar Fund XVI Manager, LLC	100%
Vivint Solar Financing IV, LLC	Delaware	Vivint Solar Financing IV Parent, LLC	100%
Vivint Solar Margaux Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Fund III Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Nicole Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Mia Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Aaliyah Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Rebecca Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Hannah Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Fund X Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Fund XII Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%
Vivint Solar Fund XIV Manager, LLC	Delaware	Vivint Solar Financing IV, LLC	100%

Entity	Jurisdiction	Record Owner	Interest
Vivint Solar Margaux Master Tenant, LLC	Delaware	Vivint Solar Margaux Manager, LLC	0.01%
		Firstar Development, LLC	99.99%
Vivint Solar Margaux Owner, LLC	Delaware	Vivint Solar Margaux Manager, LLC	51%
		Vivint Solar Margaux Master Tenant , LLC	49%
Vivint Solar Fund III Master Tenant, LLC	Delaware	Vivint Solar Fund III Manager, LLC	0.01%
		Firstar Development, LLC	99.99%
Vivint Solar Fund III Owner, LLC	Delaware	Vivint Solar Fund III Manager, LLC	51%
		Vivint Solar Fund III Master Tenant, LLC	49%
Vivint Solar Nicole Master Tenant, LLC	Delaware	Vivint Solar Nicole Manager, LLC	1%
		Firstar Development, LLC	99%
Vivint Solar Nicole Owner, LLC	Delaware	Vivint Solar Nicole Manager, LLC	51%
		Vivint Solar Nicole Master Tenant, LLC	49%
Vivint Solar Mia Project Company, LLC	Delaware	Vivint Solar Mia Manager, LLC	100% of Class B
		Blackstone Holdings Finance Co. L.L.C.	100% of Class A
Vivint Solar Aaliyah Project Company, LLC	Delaware	Vivint Solar Aaliyah Manager, LLC	100% of Class B
		Stoneco IV Corporation	100% of Class A
Vivint Solar Rebecca Project Company, LLC	Delaware	Vivint Solar Rebecca Manager, LLC	100% of Class B
		Blackstone Holdings I L.P.	100% of Class A
Vivint Solar Hannah Project Company, LLC	Delaware	Vivint Solar Hannah Manager, LLC	100% of Class B
		Antrim Corporation	100% of Class A
Vivint Solar Fund X Project Company, LLC	Delaware	Vivint Solar Fund X Manager, LLC	100% of Class B
		Visigoth Energy Holding Company, LLC	100% of Class A

Entity	Jurisdiction	Record Owner	Interest
Vivint Solar Fund XII Project Company, LLC	Delaware	Vivint Solar Fund XII Manager, LLC	100% of Class B
		RA Solar, LLC	100% of Class A
Vivint Solar Fund XIV Project Company, LLC	Delaware	Vivint Solar Fund XIV Manager, LLC	100% of Class B
		Antrim Corporation	100% of Class A
Vivint Solar Financing V, LLC	Delaware	Vivint Solar Financing V Parent, LLC	100%
Vivint Solar Elyse Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Fund XV Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Fund XIX Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Fund 20 Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Fund 21 Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Fund 22 Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Owner V Manager, LLC	Delaware	Vivint Solar Financing V, LLC	100%
Vivint Solar Elyse Project Company, LLC	Delaware	Vivint Solar Elyse Manager, LLC	100% of Class B
		BAL Investment & Advisory, Inc.	100% of Class A
Vivint Solar Fund XV Project Company, LLC	Delaware	Vivint Solar Fund XV Manager, LLC	100% of Class B
		Morgan Stanley Renewables Inc.	100% of Class A
Vivint Solar Fund XIX Project Company, LLC	Delaware	Vivint Solar Fund XIX Manager, LLC	100% of Class B
		Citicorp North America, Inc.	100% of Class A
Vivint Solar Fund 20 Project Company, LLC	Delaware	Vivint Solar Fund 20 Manager, LLC	100% of Class B
		Antrim Corporation	100% of Class A
Vivint Solar Fund 21 Project Company, LLC	Delaware	Vivint Solar Fund 21 Manager, LLC	100% of Class B
		BAL Investment & Advisory, Inc.	100% of Class A

Entity	Jurisdiction	Record Owner	Interest
Vivint Solar Fund 22 Project Company, LLC	Delaware	Vivint Solar Fund 22 Manager, LLC	100% of Class B
		Firstar Development, LLC	1% of Class A
		USB RETC Fund 2017-5, LLC	99% of Class A
Vivint Solar Owner V, LLC	Delaware	Vivint Solar Owner V Manager, LLC	100%
Vivint Solar Financing VI, LLC	Delaware	Vivint Solar Financing VI Parent, LLC	100%
Vivint Solar Fund 23 Manager, LLC	Delaware	Vivint Solar Financing VI, LLC	100%
Vivint Solar Fund 24 Manager, LLC	Delaware	Vivint Solar Financing VI, LLC	100%
Vivint Solar Fund 25 Manager, LLC	Delaware	Vivint Solar Financing VI, LLC	100%
Vivint Solar Fund 26 Manager, LLC	Delaware	Vivint Solar Financing VI, LLC	100%
Vivint Solar Fund 27 Manager, LLC	Delaware	Vivint Solar Financing VI, LLC	100%
Vivint Solar Owner I, LLC	Delaware	Vivint Solar Financing VI, LLC	100%
Vivint Solar Fund 23 Project Company, LLC	Delaware	Vivint Solar Fund 23 Manager, LLC	100% of Class B
		Firstar Development, LLC	100% of Class A
Vivint Solar Fund 24 Project Company, LLC	Delaware	Vivint Solar Fund 24 Manager, LLC	100% of Class B
		RBC – VSF 24 Holding Company, LLC	100% of Class A
Vivint Solar Fund 25 Project Company, LLC	Delaware	Vivint Solar Fund 25 Manager, LLC	100% of Class B
		JPM Capital Corporation	100% of Class A
Vivint Solar Fund 26 Project Company, LLC	Delaware	Vivint Solar Fund 26 Manager, LLC	100% of Class B
		RBC – VSF 26 Holding Company, LLC	100% of Class A
Vivint Solar Fund 27 Project Company, LLC	Delaware	Vivint Solar Fund 27 Manager, LLC	100% of Class B
		Firstar Development, LLC	100% of Class A

Schedule 5.01(p)

Environmental Matters

None.

Schedule 5.01(s)

Material Documents

Material Project Documents

1. Management Agreement, dated as of January 5, 2017, between Vivint Solar Financing III, LLC and Vivint Solar Provider, LLC.
2. Administrative Services Agreement, dated as of February 13, 2015, between Vivint Solar Provider, LLC and Vivint Solar Fund XI Project Company, LLC.
3. Master Backup Services Agreement, dated as of June 15, 2016, by and between Vivint Solar Provider, LLC and Wells Fargo Bank, National Association together with the Amendment and Joinder Agreement, dated as of November 7, 2016, by and among Vivint Solar Provider, LLC, Vivint Solar Servicer, LLC and Wells Fargo Bank, National Association, as supplemented by (i) Covered Agreement Addendum No. 17, dated as of October 26, 2016, among Vivint Solar Fund XI Project Company, LLC, Vivint Solar Provider, LLC, and Wells Fargo Bank, National Association; (ii) Covered Agreement Addendum No. 14, dated as of August 4, 2016, among Vivint Solar Fund XIII Project Company, LLC, Vivint Solar Provider, LLC, and Wells Fargo Bank, National Association; (iii) Covered Agreement Addendum No. 16, dated as of January 5, 2017, among Vivint Solar Fund XVI Lessor, LLC, VS BC Solar Lessee I, LLC, Vivint Solar Provider, LLC, and Wells Fargo Bank, National Association; (iv) Covered Agreement Addendum No. 13, dated as of August 4, 2016, among Vivint Solar Fund XVIII Project Company, LLC, Vivint Solar Provider, LLC, and Wells Fargo Bank, National Association; (v) Covered Agreement Addendum No. 22, dated as of February 21, 2018, by and among Vivint Solar Fund 23 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (vi) Covered Agreement Addendum No. 23, dated as of April 6, 2018, by and among Vivint Solar Fund 24 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (vii) Covered Agreement Addendum No. 24, dated as of July 18, 2018, by and among Vivint Solar Fund 25 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (viii) Covered Agreement Addendum No. 25, dated as of June 3, 2019, among Vivint Solar Fund 26 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (ix) Covered Agreement Addendum No. 26, dated as of February 7, 2020, among Vivint Solar Fund 27 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (x) Covered Agreement Addendum No. 21, dated as of February 2, 2017, among Vivint Solar Owner I, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xi) Covered Agreement Addendum No. 10, dated as of August 4, 2016, among Vivint Solar Elyse Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xii) Covered Agreement Addendum No. 15, dated as of August 17, 2016, among Vivint Solar Fund XV Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xiii) Covered Agreement Addendum No. 16, dated as of November 7, 2016, among Vivint Solar Fund XIX Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xiv) Covered Agreement Addendum No. 16, dated as of November 7, 2016, among Vivint Solar Fund 20 Project Company, LLC, Vivint Solar

Provider, LLC and Wells Fargo Bank, National Association; (xv) Covered Agreement Addendum No. 20, dated as of December 30, 2016, among Vivint Solar Fund 21 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xvi) Covered Agreement Addendum No. 21, dated as of May 30, 2017, among Vivint Solar Fund 22 Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xvii) Covered Agreement Addendum No. 24, dated as of June 4, 2018, among Vivint Solar Owner V, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xviii) Covered Agreement Addendum No. 2, dated as of August 4, 2016, among Vivint Solar Margaux Master Tenant, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xix) Covered Agreement Addendum, No. 3, dated as of August 4, 2016, among Vivint Solar Fund III Master Tenant, LLC, Vivint Solar Provider, LLC, and Wells Fargo Bank, National Association; (xx) Covered Agreement Addendum No. 4, dated as of August 4, 2016, among Vivint Solar Fund Nicole Master Tenant, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xxi) Covered Agreement Addendum No. 5, dated as of August 4, 2016, among Vivint Solar Mia Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xxii) Covered Agreement Addendum No. 6, dated as of August 4, 2016, among Vivint Solar Aaliyah Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xxiii) Covered Agreement Addendum No. 7, dated as of August 4, 2016, among Vivint Solar Rebecca Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xxiv) Covered Agreement Addendum No. 8, dated as of August 4, 2016, among Vivint Solar Hannah Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xxv) Covered Agreement Addendum No. 11, dated as of August 4, 2016, among Vivint Solar Fund X Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; (xxvi) Covered Agreement Addendum No. 12, dated as of August 4, 2016, among Vivint Solar Fund XII Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association; and (xxvii) Covered Agreement Addendum No. 9, dated as of August 4, 2016, among Vivint Solar Fund XIV Project Company, LLC, Vivint Solar Provider, LLC and Wells Fargo Bank, National Association.

4. Maintenance Services Agreement, dated as of February 13, 2015, between Vivint Solar Provider, LLC and Vivint Solar Fund XI Project Company, LLC.

5. Master Engineering, Procurement and Construction Agreement, dated as of February 13, 2015, between Vivint Solar Developer, LLC and Vivint Solar Fund XI Project Company, LLC.

6. Administrative Services Agreement, dated as of March 26, 2015, between Vivint Solar Provider, LLC and Vivint Solar Fund XIII Project Company, LLC.

7. Maintenance Services Agreement, dated as of March 26, 2015, between Vivint Solar Provider, LLC and Vivint Solar Fund XIII Project Company, LLC.

8. Master Engineering, Procurement and Construction Agreement, dated as of March 26, 2015, between Vivint Solar Developer, LLC and Vivint Solar Fund XIII Project Company, LLC, as amended by the First Amendment to Master Engineering, Procurement and Construction Agreement, dated as of June 24, 2015, and as further amended by Second

Amendment to Master Engineering, Procurement and Construction Agreement, dated as of March 15, 2017.

9. Administrative Services Agreement, dated as of June 1, 2015, among Vivint Solar Provider, LLC, Vivint Solar Fund XVI Lessor, LLC, and VS BC Solar Lessee I, LLC.
10. Maintenance Services Agreement, dated as of June 1, 2015, among Vivint Solar Provider, LLC, Vivint Solar Fund XVI Lessor, LLC and VS BC Solar Lessee I, LLC.
11. Master Solar Asset Sale Agreement, dated as of June 1, 2015, between Vivint Solar Developer, LLC and Vivint Solar Fund XVI Lessor, LLC.
12. Administrative Services Agreement, dated as of May 11, 2015, between Vivint Solar Provider, LLC and Vivint Solar Fund XVIII Project Company, LLC, as amended by the Amendment to Administrative Services Agreement, dated as of August 4, 2016.
13. Maintenance Services Agreement, dated as of May 11, 2015, between Vivint Solar Provider, LLC and Vivint Solar Fund XVIII Project Company, LLC.
14. Master Engineering, Procurement and Construction Agreement, dated as of May 11, 2015, between Vivint Solar Developer, LLC and Vivint Solar Fund XVIII Project Company, LLC, as amended by Amendment No. 1, dated as of December 23, 2015, as further amended by Amendment No. 2, dated as of March 29, 2016, as further amended by Amendment No. 3, dated as of October 14, 2016 and as further amended by Amendment No. 4, dated as of October 26, 2017.
15. Administrative Services Agreement, dated as of February 21, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 23 Project Company, LLC.
16. Maintenance Services Agreement, dated as of February 21, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 23 Project Company, LLC.
17. Master Engineering, Procurement and Construction Agreement, dated as of February 21, 2018, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 23 Project Company, LLC, as amended by First Amendment to Master Engineering, Procurement and Construction Agreement, dated as of May 28, 2019.
18. Administrative Services Agreement, dated as of April 6, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 24 Project Company, LLC.
19. Maintenance Services Agreement, dated as of April 6, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 24 Project Company, LLC.
20. Master Engineering, Procurement and Construction Agreement, dated as of April 6, 2018, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 24 Project Company, LLC, as amended by First Omnibus Amendment to Master Engineering, Procurement and Construction Agreement and Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 24 Project Company, LLC, dated as of October 30, 2019, by and among RBC-VSF 24 Holding Company, LLC, Vivint Solar Fund 24 Manager, LLC, Vivint Solar Developer, LLC and Vivint Solar Fund 24 Project Company, LLC.
21. Administrative Services Agreement, dated as of July 18, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 25 Project Company, LLC.

22. Maintenance Services Agreement, dated as of July 18, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 25 Project Company, LLC.

23. Amended and Restated Master Engineering, Procurement and Construction Agreement, dated as of February 15, 2019, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 25 Project Company, LLC.

24. Master Engineering, Procurement and Construction Agreement, dated as of July 18, 2018, between Vivint Solar Developer, LLC and Vivint Solar Fund 25 Project Company, LLC.

25. Administrative Services Agreement, dated as of June 3, 2019, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 26 Project Company, LLC.

26. Maintenance Services Agreement, dated as of June 3, 2019, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 26 Project Company, LLC.

27. Master Engineering, Procurement and Construction Agreement, dated as of June 3, 2019, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 26 Project Company, LLC, as amended by First Amendment to Master Engineering, Procurement and Construction Agreement, dated as of April 1, 2020.

28. Administrative Services Agreement, dated as of February 7, 2020, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 27 Project Company, LLC.

29. Maintenance Services Agreement, dated as of February 7, 2020, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 27 Project Company, LLC.

30. Master Engineering, Procurement and Construction Agreement, dated as of February 7, 2020, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 27 Project Company, LLC.

31. Master Purchase Agreement, dated as of July 18, 2016, by and between Vivint Solar Developer, LLC and Vivint Solar Owner I, LLC.

32. Maintenance Services Agreement, dated as of December 31, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Owner I, LLC.

33. Administrative Services Agreement, dated as of July 3, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Elyse Project Company, LLC, as amended by Amendment No. 1 to Administrative Services Agreement, dated as of June 30, 2015 and Amendment No. 2 to Administrative Services Agreement, dated as of August 3, 2016.

34. Master Engineering, Procurement and Construction Agreement, dated as of July 3, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Elyse Project Company, LLC, as amended by Amendment No. 1 to Master Engineering, Procurement and Construction Agreement, dated as of July 22, 2014, Amendment No. 2 to Master Engineering, Procurement and Construction Agreement, dated as of December 30, 2014, Amendment No. 3 to Master Engineering, Procurement and Construction Agreement, dated as of May 11, 2015 and Amendment No. 4 to Master Engineering, Procurement and Construction Agreement, dated as of June 30, 2015.

35. Maintenance Services Agreement, dated as of July 3, 2014, between Vivint Solar Provider, LLC and Vivint Solar Elyse Project Company, LLC.

36. Administrative Services Agreement, dated as of May 20, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XV Project Company, LLC.
37. Maintenance Services Agreement, dated as of May 20, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XV Project Company, LLC.
38. Master Engineering, Procurement and Construction Agreement, dated as of May 20, 2016, by and between Vivint Solar Developer, LLC and Vivint Solar Fund XV Project Company, LLC.
39. Administrative Services Agreement, dated as of November 7, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XIX Project Company, LLC.
40. Maintenance Services Agreement, dated as of November 7, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XIX Project Company, LLC.
41. Master Engineering, Procurement and Construction Agreement, dated as of November 7, 2016, by and between Vivint Solar Developer, LLC and Vivint Solar Fund XIX Project Company, LLC.
42. Software License Agreement, dated as of November 7, 2016, between Vivint Solar, Inc. and Vivint Solar Servicer, LLC.
43. Sponsor Services Agreement, dated as of November 7, 2016, between Vivint Solar, Inc. and Vivint Solar Servicer, LLC.
44. Administrative Services Agreement, dated as of November 7, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 20 Project Company, LLC.
45. Maintenance Services Agreement, dated as of November 7, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 20 Project Company, LLC.
46. Master EPC Agreement, dated as of November 7, 2016, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 20 Project Company, LLC, as amended by Amendment No. 1 to Master EPC Agreement, dated as of November 14, 2017.
47. Administrative Services Agreement, dated as of December 30, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 21 Project Company, LLC.
48. Maintenance Services Agreement, dated as of December 30, 2016, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 21 Project Company, LLC.
49. Master Engineering, Procurement and Construction Agreement, dated as of December 30, 2016, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 21 Project Company, LLC, as amended by Amendment No. 1 to Master Engineering, Procurement and Construction Agreement, dated as of June 12, 2017 and Amendment No. 2 to Master Engineering, Procurement and Construction Agreement, dated as of October 27, 2017.
50. Administrative Services Agreement, dated as of May 30, 2017, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 22 Project Company, LLC.
51. Maintenance Services Agreement, dated as of May 30, 2017, by and between Vivint Solar Provider, LLC and Vivint Solar Fund 22 Project Company, LLC.

52. Master Engineering, Procurement and Construction Agreement, dated as of May 30, 2017, by and between Vivint Solar Developer, LLC and Vivint Solar Fund 22 Project Company, LLC.

53. Maintenance Services Agreement, dated as of October 3, 2012, by and between Vivint Solar Provider, LLC and Vivint Solar Margaux Owner, LLC, as amended by First Amendment to Maintenance Services Agreement, dated as of October 2, 2013 and as further amended by the Second Amendment to Maintenance Services Agreement, dated as of August 1, 2016.

54. Maintenance Services Agreement, dated as of June 28, 2013, by and between Vivint Solar Provider, LLC and Vivint Solar Fund III Owner, LLC, as amended by First Amendment to Maintenance Services Agreement, dated as of August 1, 2016.

55. Maintenance Services Agreement, dated as of April 29, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Nicole Owner, LLC.

56. Administrative Services Agreement, dated as of August 4, 2016, by and between Vivint Solar Mia Manager, LLC and Vivint Solar Mia Project Company, LLC.

57. Maintenance Services Agreement, dated as of July 16, 2013, by and between Vivint Solar Provider, LLC and Vivint Solar Mia Project Company, LLC, as amended by First Amendment to Maintenance Services Agreement, dated as of April 15, 2015 and Second Amendment to Maintenance Services Agreement, dated as of August 4, 2016.

58. Development, EPC and Purchase Agreement, dated as of July 16, 2013, by and among Vivint Solar Developer, LLC, Vivint Solar, Inc. and Vivint Solar Mia Project Company, LLC, as amended by First Amendment to Development, EPC and Purchase Agreement, dated as of January 12, 2014, Second Amendment to Development, EPC and Purchase Agreement, dated as of April 25, 2014 and Third Amendment to Development, EPC and Purchase Agreement, dated as of April 15, 2015.

59. Administrative Services Agreement, dated as of August 4, 2016, by and between Vivint Solar Aaliyah Manager, LLC and Vivint Solar Aaliyah Project Company, LLC.

60. Maintenance Services Agreement, dated as of November 3, 2015, by and between Vivint Solar Provider, LLC and Vivint Solar Aaliyah Project Company, LLC, as amended by First Amendment to Maintenance Services Agreement, dated as of April 15, 2015 and Second Amendment to Maintenance Services Agreement, dated as of August 4, 2016.

61. Development, EPC and Purchase Agreement, dated as of November 5, 2013, by and among Vivint Solar Developer, LLC, Vivint Solar, Inc. and Vivint Solar Aaliyah Project Company, LLC, as amended by First Amendment to Development, EPC and Purchase Agreement, dated as of January 13, 2014, Second Amendment to Development, EPC and Purchase Agreement, dated as of February 13, 2014 and Third Amendment to Development, EPC and Purchase Agreement, dated as of April 15, 2015.

62. Administrative Services Agreement, dated as of August 4, 2016, by and between Vivint Solar Rebecca Manager, LLC and Vivint Solar Rebecca Project Company, LLC.

63. Maintenance Services Agreement, dated as of February 13, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Rebecca Project Company, LLC, as amended by

First Amendment to Maintenance Services Agreement, dated as of April 15, 2015 and Second Amendment to Maintenance Services Agreement, dated as of August 4, 2016.

64. Development, EPC and Purchase Agreement, dated as of February 13, 2014, by and among Vivint Solar Developer, LLC, Vivint Solar, Inc. and Vivint Solar Rebecca Project Company, LLC, as amended by First Amendment to Development, EPC and Purchase Agreement, dated as of April 15, 2015.

65. Maintenance Services Agreement, dated as of February 14, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Hannah Project Company, LLC, as amended by First Amendment to Maintenance Services Agreement, dated as of August 2, 2016.

66. Master EPC Agreement, dated as of February 14, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Hannah Project Company, LLC, as amended by Amendment No. 1 to Master EPC Agreement, dated as of June 17, 2015 and effective as of May 31, 2015.

67. Administrative Services Agreement, dated as of September 17, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Fund X Project Company, LLC.

68. Maintenance Services Agreement, dated as of September 17, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Fund X Project Company, LLC.

69. Master Engineering, Procurement and Construction Agreement, dated as of September 17, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Fund X Project Company, LLC, as amended by Amendment No. 1 to Master Engineering, Procurement and Construction Agreement, dated as of March 10, 2016.

70. Maintenance Services Agreement, dated as of October 3, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XII Project Company, LLC, as amended by First Amendment to Maintenance Services Agreement, dated as of August 3, 2016.

71. Master Purchase Agreement, dated as of October 3, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Fund XII Project Company, LLC, as amended by Amendment No. 1 to Master Purchase Agreement, dated as of December 2, 2014, Amendment No. 2 to Master Purchase Agreement, dated as of December 9, 2014, Amendment No. 3 to Master Purchase Agreement, dated as of August 17, 2016.

72. Administrative Services Agreement, dated as of December 18, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XIV Project Company, LLC, as amended by First Amendment to Administrative Services Agreement, dated as of August 2, 2016.

73. Maintenance Services Agreement, dated as of December 18, 2014, by and between Vivint Solar Provider, LLC and Vivint Solar Fund XIV Project Company, LLC.

74. Master EPC Agreement, dated as of December 18, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Fund XIV Project Company, LLC.

Tax Equity Documents

1. Limited Liability Company Agreement of Vivint Solar Fund XI Project Company, LLC, dated as of February 13, 2015, between Vivint Solar Fund XI Manager, LLC, Firstar

Development, LLC and USB VS SIF, LLC, as amended by the First Amendment to Limited Liability Company Agreement, dated as of May 7, 2015, and as further amended by the Second Amendment to Limited Liability Company Agreement, dated as of April 8, 2016, and as further amended by the Third Amendment to Limited Liability Company Agreement, dated as of May 13, 2016, and as further amended by Amendment No. 4 to Vivint Solar Fund XI Project Company LLC Limited Liability Company Agreement, dated as of October 26, 2016, and as further amended by Fifth Amendment to Limited Liability Company Agreement of Vivint Solar Fund XI Project Company LLC, dated as of March 14, 2017 and effective as of December 31, 2016.

2. Guaranty, dated as of February 13, 2015, made by Vivint Solar, Inc. in favor of Firstar Development, LLC and USB VS SIF, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

3. Limited Liability Company Agreement of Vivint Solar Fund XIII Project Company, LLC, dated as of March 26, 2015, between Vivint Solar Fund XIII Manager, LLC and Firstar Development, LLC, as amended by the First Amendment to Limited Liability Company Agreement, dated as of March 31, 2015, as further amended by the Second Amendment to Limited Liability Company Agreement, dated as of June 24, 2015, as further amended by the Amendment No. 3 to Limited Liability Company Agreement, dated as of July 25, 2016, and as further amended by the Fourth Amendment to Limited Liability Company Agreement, dated as of April 17, 2017.

4. Guaranty, dated as of March 26, 2015, made by Vivint Solar, Inc. in favor of Firstar Development, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

5. Consent Agreement, dated as of July 13, 2016, among Vivint Solar Fund III Manager, LLC, Vivint Solar Fund XIII Manager, LLC, Vivint Solar Liberty Manager, LLC, Vivint Solar Margaux Manager, LLC, Vivint Solar Nicole Manager, LLC, Vivint Solar Developer, LLC and Firstar Development, LLC.

6. Limited Liability Company Agreement of Vivint Solar Fund XVI Lessor, LLC, dated as of June 1, 2015, among Vivint Solar Fund XVI Manager, LLC, Michelle A. Dreyer and James L. Grier.

7. Master Lease Agreement, dated as of June 1, 2015, between Vivint Solar Fund XVI Lessor, LLC and VS BC Solar Lessee I, LLC.

8. Security Agreement, dated as of June 1, 2015, between VS BC Solar Lessee I, LLC, and Vivint Solar Fund XVI Lessor, LLC.

9. Depositary Agreement, dated as of June 1, 2015, between VS BC Solar Lessee I, LLC and Vivint Solar Fund XVI Lessor, LLC, as amended by Amendment to Depositary Agreement, dated as of March 10, 2016.

10. Deposit Account Control Agreement, dated as of June 1, 2015, among VS BC Solar Lessee I, LLC, Vivint Solar Fund XVI Lessor, LLC, and Zions First National Bank, as amended by Amendment to Depositary Agreement, dated as of March 10, 2016.

11. Guaranty, dated as of June 1, 2015, made by Vivint Solar, Inc. in favor of VS BC Solar Lessee I, LLC.

12. Tax Indemnity Agreement, dated as of June 1, 2015, among Vivint Solar, Inc., Barclays Capital Holdings Inc., Citicorp North America Inc. and VS BC Solar Lessee I, LLC.

13. Limited Liability Company Agreement of VS BC Solar Lessee I, LLC, dated as of June 1, 2015, among Barclays Capital Holdings Inc. and Citicorp North America, Inc.

14. Limited Liability Company Agreement of Vivint Solar Fund XVIII Project Company, LLC, dated as of May 11, 2015, between Vivint Solar Fund XVIII Manager, LLC and BAL Investment & Advisory, Inc., as amended by Amendment No. 1 to Vivint Solar Fund XVIII Project Company LLC Limited Liability Company Agreement, dated as of December 9, 2015, as further amended by Amendment No. 2 to Vivint Solar Fund XVIII Project Company LLC Limited Liability Company Agreement, dated as of March 29, 2016, as further amended by Amendment No. 3, dated as of May 24, 2016, as further amended by Amendment No. 4 to Vivint Solar Fund XVIII Project Company LLC Limited Liability Company Agreement, dated as of August 4, 2016, as further amended by Amendment No. 5 to Vivint Solar Fund XVIII Project Company LLC Limited Liability Company Agreement, dated as of October 17, 2016 and as further amended by Amendment No. 6 to Vivint Solar Fund XVIII Project Company LLC Limited Liability Company Agreement, dated as of October 26, 2017.

15. Guaranty, dated as of May 11, 2015, made by Vivint Solar, Inc. in favor of BAL Investment & Advisory, Inc.

16. Amended and Restated Limited Liability Company Agreement, dated as of February 21, 2018, by and between Firstar Development, LLC and Vivint Solar Fund 23 Manager, LLC, as amended by First Amendment to Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 23 Project Company, LLC, dated as of May 28, 2019.

17. Guaranty, dated and effective as of February 21, 2018, by Vivint Solar, Inc. in favor of Firstar Development, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

18. Amended and Restated Limited Liability Company Agreement, dated as of April 6, 2018, by and among RBC – VSF 24 Holding Company, LLC and Vivint Solar Fund 24 Manager, LLC, as amended by First Omnibus Amendment to Master Engineering, Procurement and Construction Agreement and Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 24 Project Company, LLC, dated as of October 30, 2019, by and among RBC-VSF 24 Holding Company, LLC, Vivint Solar Fund 24 Manager, LLC, Vivint Solar Developer, LLC and Vivint Solar Fund 24 Project Company, LLC.

19. Guaranty, dated and effective as of April 6, 2018, by Vivint Solar, Inc. in favor of RBC – VSF 24 Holding Company, LLC.

20. Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 25 Project Company, LLC, dated as of July 18, 2018, between Vivint Solar Fund 25 Manager, LLC and JPM Capital Corporation.

21. Second Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 25 Project Company, LLC, dated as of February 15, 2019.

22. Guaranty, dated and effective as of July 18, 2018, by Vivint Solar, Inc. in favor of JPM Capital Corporation.

23. Deposit Account Control Agreement, dated as of July 18, 2018, by and among KeyBank National Association, JPM Capital Corporation and Vivint Solar Fund 25 Project Company, LLC.

24. Amended & Restated Limited Liability Company Agreement of Vivint Solar Fund 26 Project Company, LLC, dated as of June 3, 2019, by and between RBC – VSF 26 Holding Company, LLC and Vivint Solar Fund 26 Manager, LLC, as amended by First Amendment to Amended & Restated Limited Liability Company Agreement of Vivint Solar Fund 26 Project Company, LLC, dated as of April 1, 2020.

25. Guaranty, dated as of June 3, 2019, by Vivint Solar, Inc. in favor of RBC – VSF 26 Holding Company, LLC.

26. Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 27 Project Company, LLC, dated as of February 7, 2020, by and between Firstar Development, LLC and Vivint Solar Fund 27 Manager, LLC.

27. Guaranty, dated as of February 7, 2020, by Vivint Solar, Inc. in favor of Firstar Development, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

28. Limited Liability Company Agreement of Vivint Solar Elyse Project Company, LLC, dated as of July 3, 2014, by and between BAL Investment & Advisory, Inc. and Vivint Solar Elyse Manager, LLC, as amended by Amendment No. 1 to Vivint Solar Elyse Project Company, LLC Limited Liability Company Agreement, dated as of July 22, 2014, Amendment No. 2 to Vivint Solar Elyse Project Company, LLC Limited Liability Company Agreement, dated as of December 30, 2014, Amendment No. 3 to Vivint Solar Elyse Project Company, LLC Limited Liability Company Agreement, dated as of May 11, 2015, Amendment No. 4 to Limited Liability Company Agreement, dated as of June 30, 2015, Amendment No. 5 to Vivint Solar Elyse Project Company, LLC Limited Liability Company Agreement, dated as of August 4, 2016 and Amendment No. 6 to Vivint Solar Elyse Project Company, LLC Limited Liability Company Agreement, dated as of October 26, 2017.

29. Guaranty, dated as of July 3, 2014, by Vivint Solar, Inc. in favor of BAL Investment & Advisory, Inc.

30. Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund XV Project Company, LLC, dated as of May 20, 2016, by and between Morgan Stanley Renewables Inc. and Vivint Solar Fund XV Manager, LLC, as amended by Amendment No. 1 to Vivint Solar Fund XV Project Company, LLC Amended and Restated Limited Liability Company Agreement, dated as of July 15, 2016.

31. Guaranty, dated as of May 20, 2016, by Vivint Solar, Inc. in favor of Morgan Stanley Renewables Inc.

32. Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund XIX Project Company, LLC, dated as of November 7, 2016, by and between Citicorp North America, Inc. and Vivint Solar Fund XIX Manager, LLC.

33. Guaranty, dated as of November 7, 2016, by Vivint Solar, Inc. in favor of Citicorp North America, Inc.

34. Limited Liability Company Agreement of Vivint Solar Fund 20 Project Company, LLC, dated as of November 7, 2016, by and between Antrim Corporation and Vivint Solar Fund 20 Manager, LLC, as amended by Amendment No. 1 to Vivint Solar Fund 20 Project Company, LLC Limited Liability Company Agreement, dated as of November 14, 2017.

35. Guaranty, dated as of November 7, 2016, by Vivint Solar, Inc. in favor of Antrim Corporation.

36. Deposit Account Control Agreement, dated as of November 7, 2016, between KeyBank National Association and Vivint Solar Fund 20 Project Company, LLC.

37. Amended & Restated Limited Liability Company Agreement of Vivint Solar Fund 21 Project Company, LLC, dated as of December 30, 2016, by and between BAL Investment & Advisory, Inc. and Vivint Solar Fund 21 Manager, LLC, as amended by Amendment No. 1 to Limited Liability Company Agreement of Vivint Solar Fund 21 Project Company, LLC, dated as of October 26, 2017.

38. Guaranty, dated as of December 30, 2016, by Vivint Solar, Inc. in favor of BAL Investment & Advisory, Inc.

39. Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 22 Project Company, LLC, dated as of May 30, 2017, by and among Firstar Development, LLC, USB RETC Fund 2017-5, LLC and Vivint Solar Fund 22 Manager, LLC, as amended by First Amendment to Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 22 Project Company, LLC, dated as of August 3, 2017 and Second Amendment to Amended and Restated Limited Liability Company Agreement of Vivint Solar Fund 22 Project Company, LLC, dated as of December 21, 2017

40. Guaranty, dated as of May 30, 2017, by Vivint Solar, Inc. in favor of USB RETC Fund 2017-5, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

41. Master Lease, dated as of October 3, 2012, by and between Vivint Solar Margaux Owner, LLC and Vivint Solar Margaux Master Tenant, LLC.

42. Pass-Through Agreement, dated as of October 3, 2012, by and between Vivint Solar Margaux Owner, LLC and Vivint Solar Margaux Master Tenant, LLC.

43. Guaranty, dated as of October 3, 2012, by and between Firstar Development, LLC and Vivint Solar, Inc., as amended by the First Amendment to Guaranty dated as of May 7, 2020.

44. Operating Agreement of Vivint Solar Margaux Owner, LLC, dated as of October 3, 2012, by and between Vivint Solar Margaux Manager, LLC and Vivint Solar Margaux Master Tenant, LLC, as amended by Amendment No. 1 to Vivint Solar Margaux Owner, LLC Operating Agreement, dated as of August 1, 2016, and Amendment No. 2 to Vivint Solar Margaux Owner, LLC Operating Agreement, dated as of July 17, 2017.

45. Operating Agreement of Vivint Solar Margaux Master Tenant, LLC, dated as of October 3, 2012, by and between Vivint Solar Margaux Manager, LLC and Firstar Development, LLC, as amended by Amendment No. 1 to Vivint Solar Margaux Master Tenant, LLC Operating Agreement, dated as of August 1, 2016, and Amendment No. 2 to Vivint Solar Margaux Master Tenant, LLC Operating Agreement, dated as of July 17, 2017.

46. Equity Capital Contribution Agreement, dated as of October 3, 2012, by and among Vivint Solar Developer, LLC, Vivint Solar Margaux Manager, LLC and Vivint Solar Margaux Owner, LLC.

47. Master Limited Warranty Agreement, dated as of October 3, 2012, by and between Vivint Solar Developer, LLC and Vivint Solar Margaux Owner, LLC.

48. Guaranty, dated as of February 13, 2015, by Vivint Solar, Inc. in favor of Firstar Development, LLC.

49. Master Lease, dated as of June 28, 2013, by and between Vivint Solar Fund III Owner, LLC and Vivint Solar Fund III Master Tenant, LLC, as amended by First Amendment to Master Lease, dated as of October 2, 2013.

50. Pass-Through Agreement, dated as of June 28, 2013, by and between Vivint Solar Fund III Owner, LLC and Vivint Solar Fund III Master Tenant, LLC.

51. Guaranty, dated as of June 28, 2013, between Firstar Development, LLC, Vivint Solar Fund III Master Tenant, LLC, Vivint Solar Developer, LLC and Vivint Solar, Inc., as amended by the First Amendment to Guaranty dated as of May 7, 2020.

52. Operating Agreement of Vivint Solar Fund III Owner, LLC, dated as of June 28, 2013, by and between Vivint Solar Fund III Manager, LLC and Vivint Solar Fund III Master Tenant, LLC, as amended by First Amendment to Operating Agreement of Vivint Solar Fund III Owner, LLC, dated as of October 2, 2013, as further amended by Second Amendment to the Vivint Solar Fund III Owner, LLC Operating Agreement, dated as of August 1, 2016, and as further amended by Amendment No. 3 to Vivint Solar Fund III Operating, LLC Agreement, dated as of July 17, 2017.

53. Operating Agreement of Vivint Solar Fund III Master Tenant, LLC, dated as of June 28, 2013, by and between Vivint Solar Fund III Manager, LLC and Firstar Development, LLC, as amended by First Amendment to Operating Agreement of Vivint Solar Fund III Master Tenant, LLC, dated as of October 2, 2013, as further amended by Second Amendment to Vivint Solar Fund III Master Tenant, LLC Operating Agreement, dated as of August 1, 2016, and as further amended by Amendment No. 3 to Vivint Solar Fund III Master Tenant, LLC Operating Agreement, dated as of July 17, 2017.

54. Guaranty, dated as of February 13, 2015, by Vivint Solar, Inc. in favor of Firstar Development, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

55. Equity Capital Contribution Agreement, dated as of June 28, 2013, among Vivint Solar Developer, LLC, Vivint Solar Fund III Owner, LLC and Vivint Solar Fund III Manager, LLC, as amended by the First Amendment, dated as of October 2, 2013.

56. Master Limited Warranty Agreement, dated as of June 28, 2013, between Vivint Solar Developer, LLC and Vivint Solar Fund III Owner, LLC, as amended by the First Amendment, dated as of October 2, 2013.

57. Master Lease, dated as of April 29, 2014, by and between Vivint Solar Nicole Owner, LLC and Vivint Solar Nicole Master Tenant, LLC.

58. Pass-Through Agreement, dated as of April 29, 2014, by and between Vivint Solar Nicole Owner, LLC and Vivint Solar Nicole Master Tenant, LLC.

59. Operating Agreement of Vivint Solar Nicole Owner, LLC, dated as of April 29, 2014, by and between Vivint Solar Nicole Manager, LLC and Vivint Solar Nicole Master Tenant, LLC, as amended by Amendment No. 1 to Vivint Solar Nicole Owner, LLC Operating Agreement, dated as of August 1, 2016 and as further amended by Amendment No. 2 to Vivint Solar Operating Agreement, dated as of July 17, 2017.

60. Operating Agreement of Vivint Solar Fund Nicole Master Tenant, LLC, dated as of April 29, 2014, by and between Vivint Solar Nicole Manager, LLC and Firstar Development, LLC, as amended by First Amendment to Operating Agreement of Vivint Solar Master Tenant, LLC, dated as of April 8, 2016, as further amended by Amendment No. 1 to Vivint Solar Nicole Master Tenant, LLC Operating Agreement, dated as of August 1, 2016 and as further amended by Amendment No. 3 to Vivint Solar Nicole Master Tenant, LLC Operating Agreement, dated as of July 17, 2017.

61. Equity Capital Contribution Agreement, dated as of April 29, 2014, by and among Vivint Solar Developer, LLC, Vivint Solar Nicole Manager, LLC and Vivint Solar Nicole Owner, LLC, as amended by First Amendment to Equity Capital Contribution Agreement, dated as of April 8, 2016.

62. Master Limited Warranty Agreement, dated as of April 29, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Nicole Owner, LLC.

63. Guaranty, dated as of April 29, 2014, by and among Firstar Development, LLC, Vivint Solar Nicole Master Tenant, LLC, Vivint Solar Developer, LLC and Vivint Solar Holdings, Inc.

64. Guaranty, dated as of February 13, 2015, by Vivint Solar, Inc. in favor of Firstar Development, LLC and Vivint Solar Nicole Master Tenant, LLC, as amended by the First Amendment to Guaranty dated as of May 7, 2020.

65. Limited Liability Company Agreement of Vivint Solar Mia Project Company, LLC, dated as of July 16, 2013, by and between Blackstone Holdings Finance Co. L.L.C. and Vivint Solar Mia Manager, LLC, as amended by First Amendment to Limited Liability Company Agreement of Vivint Solar Mia Project Company, LLC, executed as of September 12, 2013, Second Amendment to Limited Liability Company Agreement of Vivint Solar Mia Project Company, LLC, dated as of August 31, 2013, Third Amendment to Limited Liability Company Agreement of Vivint Solar Mia Project Company, LLC, dated as of April 15, 2015, Amendment No. 4 to Vivint Solar Mia Project Company, LLC Limited Liability Company Agreement, dated as of August 4, 2016 and Amendment No. 5 to Vivint Solar Mia Project Company, LLC Limited Liability Company Agreement, dated as of August 29, 2017.

66. Guaranty, dated as of July 16, 2013, by Vivint Solar, Inc. in favor of Stoneco IV Corporation and Vivint Solar Mia Project Company, LLC, as amended by Amendment to Guaranty, dated as of August 4, 2016.

67. Limited Liability Company Agreement of Vivint Solar Aaliyah Project Company, LLC, dated as of November 5, 2013, by and between Stoneco IV Corporation and Vivint Solar Aaliyah Manager, LLC, as amended by First Amendment to Limited Liability Company

Agreement of Vivint Solar Aaliyah Project Company, LLC, dated as of January 13, 2014, Second Amendment to Limited Liability Company Agreement of Vivint Solar Aaliyah Project Company, LLC, dated as of April 15, 2015, Third Amendment to Vivint Solar Aaliyah Project Company, LLC Limited Liability Company Agreement, dated as of April 4, 2016 and Fourth Amendment to Vivint Solar Aaliyah Project Company, LLC Limited Liability Company Agreement, dated as of August 29, 2017.

68. Guaranty, dated as of November 5, 2013, by Vivint Solar, Inc. in favor of Stoneco IV Corporation and Vivint Solar Aaliyah Project Company, LLC, as amended by Amendment to Guaranty, dated as of August 4, 2016.

69. Limited Liability Company Agreement of Vivint Solar Rebecca Project Company, LLC, dated as of February 13, 2014, by and between Blackstone Holdings I L.P. and Vivint Solar Rebecca Manager, LLC, as amended by First Amendment to Limited Liability Company Agreement of Vivint Solar Rebecca Project Company, LLC, dated as of April 15, 2015, Amendment No. 2 to Vivint Solar Rebecca Project Company, LLC Limited Liability Company Agreement, dated as of August 4, 2016 and Amendment No. 3 to Vivint Solar Rebecca Project Company, LLC Limited Liability Company Agreement, dated as of August 29, 2017.

70. Guaranty, dated as of February 13, 2014, by Vivint Solar, Inc. in favor of Blackstone Holdings I L.P. and Vivint Solar Rebecca Project Company, LLC, as amended by Amendment to Guaranty, dated as of August 4, 2016.

71. Limited Liability Company Agreement of Vivint Solar Hannah Project Company, LLC, dated as of February 14, 2014, by and between Antrim Corporation and Vivint Solar Hannah Manager, LLC, as amended by Amendment No. 1 to Limited Liability Company Agreement of Vivint Solar Hannah Project Company, LLC, dated as of March 28, 2014, Amendment No. 2 to Limited Liability Company Agreement of Vivint Solar Hannah Project Company, LLC, dated as of June 30, 2014, Amendment No. 3 to Vivint Solar Hannah Project Company, LLC Limited Liability Company Agreement, dated as of June 15, 2015 and Amendment No. 4 to Vivint Solar Hannah Project Company, LLC Limited Liability Company Agreement, dated as of August 2, 2016.

72. Guaranty, dated as of February 14, 2014, by Vivint Solar, Inc. in favor of Antrim Corporation.

73. Limited Liability Company Agreement of Vivint Solar Fund X Project Company, LLC, dated as of September 17, 2014, by and between Visigoth Energy Holding Company, LLC and Vivint Solar Fund X Manager, LLC, as amended by Amendment No. 1 to Limited Liability Company Agreement, dated as of March 10, 2016, Amendment No. 2 to Limited Liability Company Agreement, dated as of October 31, 2016 and Amendment No. 3 to Vivint Solar Fund X Project Company, LLC Limited Liability Company Agreement, dated as of September 27, 2017.

74. Guaranty, dated as of September 17, 2014, by Vivint Solar, Inc. in favor of Visigoth Energy Holding Company, LLC.

75. Limited Liability Company Agreement of Vivint Solar Fund XII Project Company, LLC, dated as of October 3, 2014, by and between RA Solar, LLC and Vivint Solar Fund XII

Manager, LLC, as amended by Amendment No. 1 to Vivint Solar Fund XII Project Company, LLC Limited Liability Company Agreement, dated as of September 14, 2017.

76. Limited Liability Company Agreement of Vivint Solar Fund XIV Project Company, LLC, dated as of December 18, 2014, by and between Antrim Corporation and Vivint Solar Fund XIV Manager, LLC, as amended by Amendment No. 1 to the Limited Liability Company Agreement of Vivint Solar Fund XIV Project Company, LLC, dated as of April 28, 2015, Amendment No. 2 to Vivint Solar Fund XIV Project Company, LLC Limited Liability Company Agreement, dated as of August 2, 2016 and Amendment No. 3 to Vivint Solar Fund XIV Project Company, LLC Limited Liability Company Agreement, dated as of November 7, 2016.

77. Guaranty, dated as of December 18, 2014, by Vivint Solar, Inc. in favor of Antrim Corporation.

78. Control Agreement, dated as of December 18, 2014, among Vivint Solar Fund XIV Project Company, LLC, Vivint Solar Fund XIV Manager, LLC, Antrim Corporation and Zions First National Bank.

Permitted Subsidiary Debt Documents

1. Fixed Rate Loan Agreement, dated as of January 5, 2017, by and among Vivint Solar Financing III, LLC, a Delaware limited liability company, Wells Fargo, National Association, as Administrative Agent and the lenders party thereto from time to time and any guaranties of such indebtedness provided by subsidiaries of Vivint Solar Financing III, LLC and each other Loan Document (as defined therein).

2. Credit Agreement, dated as of August 6, 2019, by and among Vivint Solar Financing VI, LLC, a Delaware limited liability company, Bank of America, N.A., as Administrative Agent and Collateral Agent, the lenders from time to time party thereto and each other person from time to time party thereto and each other Transaction Document (as defined therein).

3. Note Purchase Agreement, dated as of June 4, 2018, by and among Vivint Solar Financing V, LLC, a Delaware limited liability company, Credit Suisse Securities (USA) LLC, Citigroup Global Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc. and SunTrust Robinson Humphrey, Inc. and subject to that certain Indenture, dated as of June 11, 2018, by and between Vivint Solar Financing V, LLC and Wells Fargo Bank, National Association and each other Transaction Document (as defined therein).

4. Note Purchase Agreement, dated as of June 11, 2018, by and between Vivint Solar Financing IV, LLC, a Delaware limited liability company, and GIFS Capital Company, LLC and subject to that certain Indenture, dated as of June 11, 2018, by and between Vivint Solar Financing IV, LLC and Wells Fargo Bank, National Association and each other Transaction Document (as defined therein).

Affiliate SREC Contracts

1. REC Purchase Agreement, dated as of February 13, 2015, between Vivint Solar Fund XI Project Company, LLC and Vivint Solar SREC Guarantor III, LLC (as successor-in-interest to Vivint Solar Developer, LLC pursuant to the Assignment and Assumption Agreement, dated as of January 5, 2017, between Vivint Solar Developer, LLC and Vivint Solar SREC Guarantor III, LLC, and acknowledged by Vivint Solar Fund XI Project Company, LLC, Firstar Development, LLC, USB VS SIF, LLC, Vivint Solar Fund XI Manager, LLC and the Collateral Agent) (collectively, the "Fund XI SREC Transfer Agreement").

2. REC Purchase Agreement, dated as of March 26, 2015, between Vivint Solar Fund XIII Project Company, LLC and Vivint Solar SREC Guarantor III, LLC (as successor-in-interest to Vivint Solar Developer, LLC pursuant to the Assignment and Assumption Agreement, dated as of January 5, 2017, between Vivint Solar Developer, LLC and Vivint Solar SREC Guarantor III, LLC, and acknowledged by Vivint Solar Fund XIII Project Company, LLC, Firstar Development, LLC, Vivint Solar Fund XIII Manager, LLC and the Collateral Agent) (collectively, the "Fund XIII SREC Transfer Agreement").

3. REC Purchase Agreement, dated as of January 5, 2017, between Vivint Solar Fund XVI Lessor, LLC and Vivint Solar SREC Guarantor III, LLC, and acknowledged and agreed by the Collateral Agent (the "Fund XVI SREC Transfer Agreement").

4. SREC Transfer Agreement, dated as of August 4, 2016, among Vivint Solar Fund XVIII Project Company, LLC and Vivint Solar SREC Guarantor III, LLC (as successor-in-interest to Vivint Solar Aggregator, LLC pursuant to the Assignment and Assumption Agreement, dated as of January 5, 2017, between Vivint Solar Aggregator, LLC and Vivint Solar SREC Guarantor III, LLC, and acknowledged by Vivint Solar Fund XVIII Project Company, LLC, BAL Investment & Advisory, Inc. and Vivint Solar Fund XVIII Manager, LLC), and acknowledged and agreed by BAL Investment & Advisory Inc., Vivint Solar Fund XVIII Manager, LLC and the Collateral Agent (collectively, the "Fund XVIII SREC Transfer Agreement").

5. REC Purchase Agreement, dated as of February 21, 2018 between Vivint Solar SREC Financing, LLC and Vivint Solar Fund 23 Project Company, LLC.

6. REC Purchase and Sale Agreement, dated as of July 18, 2018, between Vivint Solar Fund 25 Project Company, LLC and Vivint Solar SREC Aggregator, LLC.

7. REC Purchase Agreement, dated as of February 7, 2020, by and between Vivint Solar SREC Financing, LLC and Vivint Solar Fund 27 Project Company, LLC.

8. SREC transfer Agreement, dated as of June 11, 2018, by and between Vivint Solar Provider, LLC and Vivint Solar Financing V, LLC.

9. Master SREC Purchase and Sale Agreement, dated as of June 11, 2018, by and between Vivint Solar Financing V, LLC and Vivint Solar SREC Aggregator, LLC.

10. Master SREC Purchase and Sale Agreement, dated as of June 11, 2018, by and between Vivint Solar Financing V, LLC and Vivint Solar SREC Financing, LLC.

11. REC Purchase Agreement, dated as of May 30, 2017, by and between Vivint Solar SREC Financing, LLC and Vivint Solar Fund 22 Project Company, LLC.

12. Master SREC Purchase and Sale Agreement, dated as of June 11, 2018, by and between Vivint Solar Financing IV, LLC and Vivint Solar SREC Aggregator, LLC.

13. Master SREC Purchase and Sale Agreement, dated as of June 11, 2018, by and between Vivint Solar Financing IV, LLC and Vivint Solar SREC Financing, LLC.

14. REC Purchase Agreement, dated as of October 3, 2012, by and between Vivint Solar Developer, LLC and Vivint Solar Margaux Owner, LLC.

15. REC Purchase Agreement, dated as of June 28, 2013, between Vivint Solar Developer, LLC and Vivint Solar Fund III Owner, LLC.

16. REC Purchase Agreement, dated as of April 29, 2014, by and between Vivint Solar Developer, LLC and Vivint Solar Nicole Owner, LLC.

17. Master SREC Purchase and Sale Agreement, dated as of January 5, 2017, between Vivint Solar SREC Guarantor III, LLC and Vivint Solar SREC Financing, LLC.

18. Master SREC Purchase and Sale Agreement, dated as of January 5, 2017, between Vivint Solar SREC Guarantor III, LLC and Vivint Solar SREC Aggregator, LLC.

Third Party SREC Contracts

1. Master Renewable Energy Certificate Purchase and Sale Agreement, dated as of July 20, 2016, between DTE Energy Trading, Inc. and Vivint Solar SREC Financing, LLC.
2. Transaction Confirmation, dated as of October 18, 2016, between DTE Energy Trading, Inc. and Vivint Solar SREC Financing, LLC, with a Trade Date of October 7, 2016, and Transaction Reference numbers 5975456, 5975457, 5975458, 5975463, 5975461, 5975462, 5975464, 5975468, 5975473, 5975475, 5975477, and 5975479.
3. Transaction Confirmation, dated as of October 21, 2016, between DTE Energy Trading, Inc. and Vivint Solar SREC Financing, LLC, with a Trade Date of October 13, 2015, and Transaction Reference numbers 5839100, 5839101, 5839102 and 5839103.
4. Guaranty Agreement, dated as of August 11, 2016, by DTE Energy Company in favor of Vivint Solar SREC Financing, LLC, as amended by Amendment No. 1 to Guaranty Agreement, dated as of October 14, 2016.
5. Confirmation, dated as of July 19, 2016, between BP Energy Company and Vivint Solar SREC Financing, LLC (NJ: BP Ref. No. 167990 / Trade Id. – 5060636).
6. Guaranty Agreement, dated as of July 20, 2016, made by BP Corporation North America Inc. in favor of Vivint Solar SREC Financing, LLC.
7. Master Renewable Energy Certificate Purchase and Sale Agreement, dated as of December 17, 2015, between DTE Energy Trading, Inc. and Vivint Solar SREC Aggregator, LLC (as

successor-in-interest to Vivint Solar Developer, LLC pursuant to the Assignment, Assumption, and Amendment Agreement ("DTE Amendment"), dated as of July 20, 2016, among Vivint Solar Developer, LLC, Vivint Solar SREC Aggregator, LLC, and DTE Energy Trading, Inc.).

8. Transaction Confirmation, dated as of October 18, 2016, between DTE Energy Trading, Inc. and Vivint Solar SREC Aggregator, LLC, with a Trade Date of October 7, 2016 and Transaction Reference numbers 5975459, 5975460, 5975465, 5975466, 5975467, 5975469, 5975470, 5975471, 5975476, 5975478, 5975480, and 5975481.

9. Transaction Confirmation, dated as of June 5, 2018, between DTE Energy Trading, Inc. and Vivint Solar SREC Aggregator, LLC, with a Trade Date of June 5, 2018, and Transaction Reference numbers 5329755, 5329757, 5329759, 5329761 and 5329763.

10. Guaranty Agreement, dated as of August 11, 2016, by DTE Energy Company in favor of Vivint Solar SREC Aggregator, LLC, as amended by Amendment No. 1 to Guaranty Agreement, dated as of October 14, 2016.

11. Agreement for Purchase and Sale of Renewable Energy Certificates, dated as of June 5, 2018 (with RECs split out from a REC Transaction Confirmation with a Trade Date of October 13, 2015), between DTE Energy Trading, Inc. and Vivint Solar SREC Aggregator, LLC, with original Transaction Reference numbers 5329761 and 5329763, which are split out on June 5, 2018.

12. Guaranty Agreement, dated as of June 5, 2018, by DTE Energy Company in favor of Vivint Solar SREC Aggregator, LLC.

13. Agreement for Purchase and Sale of Renewable Energy Certificates, dated as of February 6, 2018, between DTE Energy Trading, Inc. and Vivint Solar SREC Aggregator, LLC, with Transaction Reference number 20171016-6605663.

14. Guaranty Agreement, dated as of February 8, 2018, by DTE Energy Company in favor of Vivint Solar SREC Aggregator, LLC.

15. Agreement for Purchase and Sale of Renewable Energy Certificates, dated as of February 6, 2018, between DTE Energy Trading, Inc. and Vivint Solar SREC Financing, LLC, with Transaction Reference number 20171016-6605657.

16. Guaranty Agreement, dated as of February 8, 2018, by DTE Energy Company in favor of Vivint Solar SREC Financing, LLC.

17. Confirmation, dated as of July 19, 2016, between BP Energy Company and Vivint Solar SREC Aggregator, LLC (NJ: BP Ref. No. – 167989 / Trade Id. – 5060637).

18. Guaranty Agreement, dated as of July 20, 2016, made by BP Corporation North America Inc. in favor of Vivint Solar SREC Aggregator, LLC.

19. Confirmation, dated as of May 1, 2020, by and between BP Energy Company and Vivint Solar SREC Aggregator, LLC.

20. Confirmation, dated as of May 1, 2020, by and between BP Energy Company and Vivint Solar SREC Financing, LLC.

21. Master Renewable Energy Certificate Purchase and Sale Agreement, dated as of April 2, 2018, by and between Direct Energy Business Marketing, LLC and Vivint Solar SREC Aggregator, as supplemented by Transaction Confirmation, dated as of April 30, 2018.

22. Master Renewable Energy Certificate Purchase and Sale Agreement, dated as of April 2, 2018, by and between Direct Energy Business Market, LLC and Vivint Solar SREC Financing, LLC, as supplemented by Transaction Confirmation, dated as of April 30, 2018.

Schedule 6.01(o)

Borrower Account

Account Title	Account Number	Bank
Vivint Solar Financing Holdings 2 Borrower, LLC	[***]	KeyBank National Association

Schedule 6.02(e)

Permitted Investments

None.

Schedule 6.02(i)

Transactions with Affiliates

None.

Schedule 6.02(j)

Limitations on Dividends and Other Payment Restrictions

None.

EXHIBIT A

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT ("Assignment Agreement") is entered into as of _____ __, 20__ between _____ ("Assignor") and _____ ("Assignee"). Reference is made to the agreement described in Item 2 of Annex I annexed hereto (as amended, restated, modified or otherwise supplemented from time to time, the "Loan Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Loan Agreement.

I. In accordance with the terms and conditions of Section 9.07 of the Loan Agreement, the Assignor hereby irrevocably sells, transfers, conveys and assigns without recourse, representation or warranty (except as expressly set forth herein) to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, that interest in and to the Assignor's rights and obligations under the Loan Documents with respect to the Obligations owing to the Assignor, and the Assignor's portion of the Commitments and the Loans as specified on Annex I.

II. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim, and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Loan Documents or any other instrument or document furnished pursuant thereto.

III. The Assignee (a) confirms that it has received copies of the Loan Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (b) agrees that it will, independently and without reliance upon the Administrative Agent, the Collateral Agent, the Assignor, or any other Lender, based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (c) confirms that it is eligible as an assignee under the terms of the Loan Agreement, is not a Disqualified Institution [and is an Eligible Assignee];[1] (d) appoints and authorizes each of the Administrative Agent and the Collateral Agent to take such action on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent or the Collateral Agent (as the case may be) by the terms thereof, together with such powers as are reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender; and (f) attaches the forms prescribed by the Internal Revenue

[1] Insert if any unfunded Commitment is being assigned.

Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Loan Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty.

IV. Following the execution of this Assignment Agreement by the Assignor and the Assignee, it will be delivered by the Assignor to the Agents for recording by the Administrative Agent. The effective date of this Assignment Agreement (the "Settlement Date") shall be the latest of (a) the date of the execution hereof by the Assignor and the Assignee, (b) the date this Assignment Agreement has been consented to by the Collateral Agent (and the Borrower if required by the Loan Agreement) and recorded in the Register by the Administrative Agent, (c) the date of receipt by the Collateral Agent of a processing and recordation fee in the amount of $5,000[2], (d) the settlement date specified on Annex I, and (e) the receipt by Assignor of the Purchase Price specified in Annex I.

V. As of the Settlement Date (a) the Assignee shall be a party to the Loan Agreement and, to the extent of the interest assigned pursuant to this Assignment Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents, and (b) the Assignor shall, to the extent of the interest assigned pursuant to this Assignment Agreement, relinquish its rights and be released from its obligations under the Loan Agreement and the other Loan Documents.

VI. Upon recording by the Administrative Agent, from and after the Settlement Date, the Administrative Agent shall make all payments under the Loan Agreement and the other Loan Documents in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees (if applicable) with respect thereto) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Loan Agreement and the other Loan Documents for periods prior to the Settlement Date directly between themselves on the Settlement Date.

VII. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

VIII. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED UPON OR ARISING OUT OF THIS ASSIGNMENT AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IX. This Assignment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Assignment Agreement

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2 The payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender.

by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart.

[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement to be executed and delivered by their respective officers thereunto duly authorized, as of the date first above written.

[ASSIGNOR]

By:
Name:
Title:
Date:

[ASSIGNEE]

By:
Name:
Title:
Date:

ACCEPTED AND CONSENTED TO this __ day of , 20__

BID ADMINISTRATOR LLC,
as Administrative Agent

By:
Name:
Title:

[VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC,
as Borrower

By:
Name:
Title:][3]

[3] The Borrower's consent is not required if an Event of Default shall have occurred or be continuing.

ANNEX FOR ASSIGNMENT AND ACCEPTANCE

ANNEX I

I. Borrower: Vivint Solar Financing Holdings 2 Borrower, LLC

II. Name and Date of Loan Agreement:

Loan Agreement, dated as of May 27, 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Loan Agreement"), by and among Vivint Solar Financing Holdings 2 Borrower, LLC, a Delaware limited liability company (the "Borrower"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), BID Administrator LLC, as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

III. Date of Assignment Agreement:

IV. Amount of Commitment Assigned:$

V. Amount of Loan Assigned:$

VI. Purchase Price:$

VII. Settlement Date:

VIII. Notice and Payment Instructions, etc.

Assignee:	Assignor:
Assignee:	Assignor:
Attn: Fax No.:	Attn: Fax No.:
Bank Name: ABA Number:	Bank Name: ABA Number:

Account Name:
Account Number:
Sub-Account Name:
Sub-Account Number:
Reference:
Attn:

Account Name:
Account Number:
Sub-Account Name:
Sub-Account Number:
Reference:
Attn:

737240988

EXHIBIT B

FORM OF NOTICE OF BORROWING

_____, 20__[4]

BID Administrator LLC, as Administrative Agent
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

with a copy to:

BID Administrator LLC, as Administrative Agent
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Email: [***]

Ladies and Gentlemen:

The undersigned, Vivint Solar Financing Holdings 2 Borrower, LLC, a Delaware limited liability company (the "Borrower"), (i) refers to the Loan Agreement, dated as of May 27, 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Loan Agreement"), by and among Vivint Solar Financing Holdings 2 Borrower, LLC, a Delaware limited liability company (the "Borrower"), the lenders from time to time party thereto (collectively, the "Lenders"), BID Administrator LLC, as collateral agent for the Lenders (in such capacity, together with its successors and assigns, the "Collateral Agent") and as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and, collectively, the "Agents") and (ii) hereby gives you notice pursuant to Section 2.02 of the Loan Agreement that the undersigned hereby requests a Loan under the Loan Agreement (the "Proposed Loan"), and in connection therewith sets forth below the information relating to such Proposed Loan as required by Section 2.02 of the Loan Agreement. All capitalized

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4 This notice shall be delivered (i) at least three Business Days prior to the Closing Date, with respect to the Loans to be borrowed on the Closing Date and (ii) not later than 1:00 PM (New York City time) four Business Days prior to the proposed date for borrowing of Loans on any Funding Date after the Closing Date.

terms used but not defined herein have the same meanings herein as set forth in the Loan Agreement.

A. The Funding Date of the Proposed Loan is [__].[5]

B. The aggregate principal amount of the Proposed Loan is $[__].[6]

C. The proceeds of the Proposed Loan are to be disbursed pursuant to the instructions set forth on Exhibit A attached hereto.

[SIGNATURE PAGE FOLLOWS]

5 The Funding Date shall occur during the Availability Period and shall not occur more than once in any 90-day period after the Closing Date.

6 The Proposed Loan shall be made in a minimum amount of $10,000,000 and shall be in an integral multiple of $1,000,000 in excess thereof; provided that the final borrowing of Loans may be in an amount up to the then-remaining Delayed Draw Commitment.

Very truly yours,

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC,
as Borrower

By:
Name:
Title:

(I)

EXHIBIT A

WIRING INSTRUCTIONS

Payee	**Wiring Instructions**
_____	**Bank:** **City/State:** **ABA:** **Account:** **Ref:**

EXHIBIT C

FORM OF NOTE

New York, New York
[_____], 20[__]

For value received, the undersigned, VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC, a Delaware limited liability company ("Borrower"), unconditionally promises to pay to [_____], or its permitted assigns (the "Lender"), the principal amount of [_____ DOLLARS ($_____)], or if less, the aggregate unpaid and outstanding principal amount of this Note advanced by the Lender to Borrower pursuant to that certain Loan Agreement, dated as of May 27, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), among Borrower, the lenders from time to time party thereto and BID Administrator LLC, as administrative agent (the "Administrative Agent") and as collateral agent, and all other amounts owed by Borrower to the Lender hereunder.

Payments of principal of, and interest on, this Note and any Applicable Prepayment Premium are to be made to the Administrative Agent, for the account of the Lender, in lawful money of the United States of America.

This is one of the Notes referred to in Section 2.03 (*Repayment of Loans; Evidence of Debt*) of the Loan Agreement and is entitled to the benefits thereof and is subject to all terms, provisions and conditions thereof. Capitalized terms used and not defined herein shall have the meanings set forth in Section 1.01 (*Definitions*) of the Loan Agreement.

This Note is made in connection with and is secured by, among other instruments, the provisions of the Security Documents. Reference is hereby made to the Loan Agreement and the Security Documents for the provisions, among others, with respect to the custody and application of the Collateral, the nature and extent of the security provided thereunder, the rights, duties and obligations of Borrower and the rights of the holder of this Note.

The principal amount hereof is payable in accordance with the Loan Agreement, and such principal amount may be prepaid along with any Applicable Prepayment Premium, where applicable, solely in accordance with the Loan Agreement.

Borrower authorizes the Lender to record on the schedule annexed to this Note the date and amount of each Loan made by the Lender and each payment or prepayment of principal thereunder and agrees that all such notations shall constitute *prima facie* evidence of the accuracy of the matters noted. Borrower further authorizes the Lender to attach to and make a part of this Note continuations of the schedule attached thereto as necessary. No failure to make any such notations, nor any errors in making any such notations, shall affect the validity of Borrower's obligations to repay the full unpaid principal amount of the Loans.

Borrower further agrees to pay, in lawful money of the United States of America and in immediately available funds, interest from the date hereof on the unpaid and outstanding principal amount hereof until such unpaid and outstanding principal amount shall become due and payable (whether at stated maturity, by acceleration or otherwise) at the rates of interest and at the times set forth in the Loan Agreement, and Borrower agrees to pay any Applicable Prepayment Premium, other fees and costs as stated in the Loan Agreement at the times specified in, and otherwise in accordance with, the Loan Agreement.

If any payment due on this Note becomes due and payable on a date which is not a Business Day, such payment shall be made on the next succeeding Business Day, in accordance with the Loan Agreement.

Upon the occurrence of any one or more Events of Default, all amounts then remaining unpaid on this Note, along with any Applicable Prepayment Premium determined in respect of such amounts, may become or be declared to be immediately due and payable as provided in the Loan Agreement and other Loan Documents, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or notices or demands of any kind, all of which are expressly waived by Borrower.

Borrower agrees to pay all costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with the interpretation or enforcement of this Note, at the times specified in, and otherwise in accordance with, the Loan Agreement.

Except as permitted by the Loan Agreement, this Note or the indebtedness evidenced hereby may not be assigned by Lender to any other Person. Transfer of this Note may be effected only by a surrender of the Note by Lender and either reissuance of the Note or issuance of a new Note by the Borrower to the new lender.

THIS NOTE SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CONFLICTS OF LAWS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC,
a Delaware limited liability company

By:_____
Name:
Title:

Date	Advance	Prepayment or Repayment	Outstanding Balance

I.

EXHIBIT D

FORM OF QUARTERLY COMPLIANCE CERTIFICATE

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC

BID Administrator LLC, as Administrative Agent
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

with a copy to:

BID Administrator LLC, as Administrative Agent
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

Re: Quarterly Compliance Certificate dated _____ __, 20__

Ladies and Gentlemen:

Reference is made to that certain Loan Agreement, dated as of May 27, 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Loan Agreement"), by and among Vivint Solar Financing Holdings 2 Borrower, LLC, a Delaware limited liability company (the "Borrower"), the lenders from time to time party thereto (collectively, the "Lenders"), BID Administrator LLC, as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"). Capitalized terms used in this Quarterly Compliance Certificate have the meanings set forth in the Loan Agreement unless specifically defined herein.

Pursuant to the terms of the Loan Agreement, the undersigned Authorized Officer of the Borrower hereby certifies that:

I. [The financial statements of Borrower and its Subsidiaries furnished pursuant to Section [6.01(a)(i)][6.01(a)(ii)] of the Loan Agreement fairly present, in all material respects, the financial position of Borrower and its Subsidiaries as of the end of the period covered

by such financial statements and the results of operations and cash flows of Borrower and its Subsidiaries for such period, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Borrower and its Subsidiaries furnished to the Administrative Agent or publicly available, subject to the absence of footnotes and normal year-end adjustments.][7]

II. I have reviewed the provisions of the Loan Agreement and the other Loan Documents and have made, or caused to be made under my supervision, a review of the condition and operations of Borrower and its Subsidiaries during the period covered by the financial statements delivered pursuant to Section [6.01(a)(i)][6.01(a)(ii)] of the Loan Agreement with a view to determining whether Borrower and its Subsidiaries were in compliance with all of the provisions of the Loan Agreement and the other Loan Documents during such period.

III. Such review has not disclosed the existence during such period, and I have no knowledge of the occurrence and continuance during such period, of a Default or Event of Default, except as listed on Schedule 1 hereto, describing the nature and period of existence thereof and the action Borrower and its Subsidiaries have taken, are taking, or propose to take with respect thereto.

---

[7] Insert if this certificate is delivered with the financial statements required by Section 6.01(a)(i) of the Loan Agreement.

IN WITNESS WHEREOF, this Quarterly Compliance Certificate is executed by the undersigned this _____ day of _____ 20__.

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC

By:
Name:
Title:

SCHEDULE 1

DEFAULT OR EVENT OF DEFAULT

[SEE ATTACHED]

EXHIBIT E

FORM OF LTV COMPLIANCE CERTIFICATE

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC

BID Administrator LLC, as Administrative Agent
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

with a copy to:

BID Administrator LLC, as Administrative Agent
c/o Brookfield Asset Management, Inc.
Brookfield Place
250 Vesey Street
New York, NY 10281-1023
Attn: [***]
Facsimile: [***]
Email: [***]

Re: LTV Compliance Certificate dated _____ __, 20__

Ladies and Gentlemen:

Reference is made to that certain Loan Agreement, dated as of May 27, 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Loan Agreement"), by and among Vivint Solar Financing Holdings 2 Borrower, LLC, a Delaware limited liability company (the "Borrower"), the lenders from time to time party thereto (collectively, the "Lenders"), BID Administrator LLC, as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") and as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"). Capitalized terms used in this LTV Compliance Certificate have the meanings set forth in the Loan Agreement unless specifically defined herein.

Pursuant to the terms of the Loan Agreement, the undersigned Authorized Officer of the Borrower hereby certifies that:

I. Set forth on Schedule 1 hereto are the calculations required to establish compliance with each of the financial covenant contained in Section 6.03(a) of the Loan Agreement.

II. Delivered herewith is an Updated Financial Model.

IN WITNESS WHEREOF, this LTV Compliance Certificate is executed by the undersigned this _____ day of _____ 20__.

VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC

By:
Name:
Title:

SCHEDULE 1

FINANCIAL COVENANT CALCULATIONS

[SEE ATTACHED]

EXHIBIT F-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(FOR FOREIGN LENDERS THAT ARE NOT PARTNERSHIPS
FOR U.S. FEDERAL INCOME TAX PURPOSES)

REFERENCE IS HEREBY MADE TO THE LOAN AGREEMENT, DATED AS OF MAY 27, 2020, BY AND AMONG VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "BORROWER"), THE LENDERS FROM TIME TO TIME PARTY THERETO, AND BID ADMINISTRATOR LLC, AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT (AS AMENDED, MODIFIED, EXTENDED, RESTATED, REPLACED, OR SUPPLEMENTED FROM TIME TO TIME, THE "LOAN AGREEMENT"). PURSUANT TO THE PROVISIONS OF SECTION 2.07(D)(II)(B) OF THE LOAN AGREEMENT, THE UNDERSIGNED HEREBY CERTIFIES THAT (A) IT IS THE SOLE RECORD AND BENEFICIAL OWNER OF THE LOAN(S) (AS WELL AS ANY NOTE(S) EVIDENCING SUCH LOAN(S)) IN RESPECT OF WHICH IT IS PROVIDING THIS CERTIFICATE, (B) IT IS NOT A BANK WITHIN THE MEANING OF SECTION 881(C)(3)(A) OF THE CODE, (C) IT IS NOT A TEN PERCENT SHAREHOLDER OF THE BORROWER WITHIN THE MEANING OF SECTION 871(H)(3)(B) OF THE CODE, AND (D) IT IS NOT A CONTROLLED FOREIGN CORPORATION RELATED TO THE BORROWER AS DESCRIBED IN SECTION 881(C)(3)(C) OF THE CODE.

THE UNDERSIGNED HAS FURNISHED THE ADMINISTRATIVE AGENT AND THE BORROWER WITH A CERTIFICATE OF ITS NON-U.S. PERSON STATUS ON IRS FORM W-8BEN OR IRS FORM W-8BEN-E. BY EXECUTING THIS CERTIFICATE, THE UNDERSIGNED AGREES THAT (A) IF THE INFORMATION PROVIDED ON THIS CERTIFICATE CHANGES, THE UNDERSIGNED SHALL PROMPTLY SO INFORM THE BORROWER AND THE ADMINISTRATIVE AGENT, AND (B) THE UNDERSIGNED SHALL HAVE AT ALL TIMES FURNISHED THE BORROWER AND THE ADMINISTRATIVE AGENT WITH A PROPERLY COMPLETED AND CURRENTLY EFFECTIVE CERTIFICATE IN EITHER THE CALENDAR YEAR IN WHICH EACH PAYMENT IS TO BE MADE TO THE UNDERSIGNED, OR IN EITHER OF THE TWO CALENDAR YEARS PRECEDING SUCH PAYMENTS.

UNLESS OTHERWISE DEFINED HEREIN, TERMS DEFINED IN THE LOAN AGREEMENT AND USED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE LOAN AGREEMENT.

[NAME OF FOREIGN LENDER]

BY:

NAME:

TITLE:

DATE: _____ __, ____

EXHIBIT F-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(FOR FOREIGN PARTICIPANTS THAT ARE NOT PARTNERSHIPS
FOR U.S. FEDERAL INCOME TAX PURPOSES)

REFERENCE IS HEREBY MADE TO THE LOAN AGREEMENT, DATED AS OF MAY 27, 2020, BY AND AMONG VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "BORROWER"), THE LENDERS FROM TIME TO TIME PARTY THERETO, AND BID ADMINISTRATOR LLC, AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT (AS AMENDED, MODIFIED, EXTENDED, RESTATED, REPLACED, OR SUPPLEMENTED FROM TIME TO TIME, THE "LOAN AGREEMENT"). PURSUANT TO THE PROVISIONS OF SECTION 2.07(D)(II)(B) OF THE LOAN AGREEMENT, THE UNDERSIGNED HEREBY CERTIFIES THAT (A) IT IS THE SOLE RECORD AND BENEFICIAL OWNER OF THE PARTICIPATION IN RESPECT OF WHICH IT IS PROVIDING THIS CERTIFICATE, (B) IT IS NOT A BANK WITHIN THE MEANING OF SECTION 881(C)(3)(A) OF THE CODE, (C) IT IS NOT A TEN PERCENT SHAREHOLDER OF THE BORROWER WITHIN THE MEANING OF SECTION 871(H)(3)(B) OF THE CODE, AND (D) IT IS NOT A CONTROLLED FOREIGN CORPORATION RELATED TO THE BORROWER AS DESCRIBED IN SECTION 881(C)(3)(C) OF THE CODE.

THE UNDERSIGNED HAS FURNISHED ITS PARTICIPATING LENDER WITH A CERTIFICATE OF ITS NON-U.S. PERSON STATUS ON IRS FORM W-8BEN OR IRS FORM W-8BEN-E. BY EXECUTING THIS CERTIFICATE, THE UNDERSIGNED AGREES THAT (A) IF THE INFORMATION PROVIDED ON THIS CERTIFICATE CHANGES, THE UNDERSIGNED SHALL PROMPTLY SO INFORM SUCH LENDER IN WRITING, AND (B) THE UNDERSIGNED SHALL HAVE AT ALL TIMES FURNISHED SUCH LENDER WITH A PROPERLY COMPLETED AND CURRENTLY EFFECTIVE CERTIFICATE IN EITHER THE CALENDAR YEAR IN WHICH EACH PAYMENT IS TO BE MADE TO THE UNDERSIGNED, OR IN EITHER OF THE TWO CALENDAR YEARS PRECEDING SUCH PAYMENTS.

UNLESS OTHERWISE DEFINED HEREIN, TERMS DEFINED IN THE LOAN AGREEMENT AND USED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE LOAN AGREEMENT.

[NAME OF PARTICIPANT]

BY:

NAME:

TITLE:

DATE: _____ __, ____

EXHIBIT F-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(FOR FOREIGN PARTICIPANTS THAT ARE PARTNERSHIPS
FOR U.S. FEDERAL INCOME TAX PURPOSES)

REFERENCE IS HEREBY MADE TO THE LOAN AGREEMENT, DATED AS OF MAY 27, 2020, BY AND AMONG VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "BORROWER"), THE LENDERS FROM TIME TO TIME PARTY THERETO, AND BID ADMINISTRATOR LLC, AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT (AS AMENDED, MODIFIED, EXTENDED, RESTATED, REPLACED, OR SUPPLEMENTED FROM TIME TO TIME, THE "LOAN AGREEMENT"). PURSUANT TO THE PROVISIONS OF SECTION 2.07(D)(II)(B) OF THE LOAN AGREEMENT, THE UNDERSIGNED HEREBY CERTIFIES THAT (A) IT IS THE SOLE RECORD OWNER OF THE PARTICIPATION IN RESPECT OF WHICH IT IS PROVIDING THIS CERTIFICATE, (B) ITS DIRECT OR INDIRECT PARTNERS/MEMBERS ARE THE SOLE BENEFICIAL OWNERS OF SUCH PARTICIPATION, (C) WITH RESPECT TO SUCH PARTICIPATION, NEITHER THE UNDERSIGNED NOR ANY OF ITS DIRECT OR INDIRECT PARTNERS/MEMBERS IS A BANK EXTENDING CREDIT PURSUANT TO A LOAN AGREEMENT ENTERED INTO IN THE ORDINARY COURSE OF ITS TRADE OR BUSINESS WITHIN THE MEANING OF SECTION 881(C)(3)(A) OF THE CODE, (D) NONE OF ITS DIRECT OR INDIRECT PARTNERS/MEMBERS IS A TEN PERCENT SHAREHOLDER OF THE BORROWER WITHIN THE MEANING OF SECTION 871(H)(3)(B) OF THE CODE, AND (E) NONE OF ITS DIRECT OR INDIRECT PARTNERS/MEMBERS IS A CONTROLLED FOREIGN CORPORATION RELATED TO THE BORROWER AS DESCRIBED IN SECTION 881(C)(3)(C) OF THE CODE.

THE UNDERSIGNED HAS FURNISHED ITS PARTICIPATING LENDER WITH IRS FORM W-8IMY ACCOMPANIED BY ONE OF THE FOLLOWING FORMS FROM EACH OF ITS PARTNERS/MEMBERS THAT IS CLAIMING THE PORTFOLIO INTEREST EXEMPTION: (A) AN IRS FORM W-8BEN OR IRS FORM W-8BEN-E OR (B) AN IRS FORM W-8IMY ACCOMPANIED BY AN IRS FORM W-8BEN OR IRS FORM W-8BEN-E FROM EACH OF SUCH PARTNER'S/MEMBER'S BENEFICIAL OWNERS THAT IS CLAIMING THE PORTFOLIO INTEREST EXEMPTION. BY EXECUTING THIS CERTIFICATE, THE UNDERSIGNED AGREES THAT (I) IF THE INFORMATION PROVIDED ON THIS CERTIFICATE CHANGES, THE UNDERSIGNED SHALL PROMPTLY SO INFORM SUCH LENDER AND (II) THE UNDERSIGNED SHALL HAVE AT ALL TIMES FURNISHED SUCH LENDER WITH A PROPERLY COMPLETED AND CURRENTLY EFFECTIVE CERTIFICATE IN EITHER THE CALENDAR YEAR IN WHICH EACH PAYMENT IS TO BE MADE TO THE UNDERSIGNED, OR IN EITHER OF THE TWO CALENDAR YEARS PRECEDING SUCH PAYMENTS.

UNLESS OTHERWISE DEFINED HEREIN, TERMS DEFINED IN THE LOAN AGREEMENT AND USED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE LOAN AGREEMENT.

[NAME OF PARTICIPANT]

BY:

NAME:

TITLE:

DATE: _____ __, ____

EXHIBIT F-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(FOR FOREIGN LENDERS THAT ARE PARTNERSHIPS
FOR U.S. FEDERAL INCOME TAX PURPOSES)

REFERENCE IS HEREBY MADE TO THE LOAN AGREEMENT, DATED AS OF MAY 27, 2020, BY AND AMONG VIVINT SOLAR FINANCING HOLDINGS 2 BORROWER, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "BORROWER"), THE LENDERS FROM TIME TO TIME PARTY THERETO, AND BID ADMINISTRATOR LLC, AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT (AS AMENDED, MODIFIED, EXTENDED, RESTATED, REPLACED, OR SUPPLEMENTED FROM TIME TO TIME, THE "LOAN AGREEMENT"). PURSUANT TO THE PROVISIONS OF SECTION 2.07(D)(II)(B) OF THE LOAN AGREEMENT, THE UNDERSIGNED HEREBY CERTIFIES THAT (A) IT IS THE SOLE RECORD OWNER OF THE LOAN(S) (AS WELL AS ANY NOTE(S) EVIDENCING SUCH LOAN(S)) IN RESPECT OF WHICH IT IS PROVIDING THIS CERTIFICATE, (B) ITS DIRECT OR INDIRECT PARTNERS/MEMBERS ARE THE SOLE BENEFICIAL OWNERS OF SUCH LOAN(S) (AS WELL AS ANY NOTE(S) EVIDENCING SUCH LOAN(S)), (C) WITH RESPECT TO THE EXTENSION OF CREDIT PURSUANT TO THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT, NEITHER THE UNDERSIGNED NOR ANY OF ITS DIRECT OR INDIRECT PARTNERS/MEMBERS IS A BANK EXTENDING CREDIT PURSUANT TO A LOAN AGREEMENT ENTERED INTO IN THE ORDINARY COURSE OF ITS TRADE OR BUSINESS WITHIN THE MEANING OF SECTION 881(C)(3)(A) OF THE CODE, (D) NONE OF ITS DIRECT OR INDIRECT PARTNERS/MEMBERS IS A TEN PERCENT SHAREHOLDER OF THE BORROWER WITHIN THE MEANING OF SECTION 871(H)(3)(B) OF THE CODE AND (E) NONE OF ITS DIRECT OR INDIRECT PARTNERS/MEMBERS IS A CONTROLLED FOREIGN CORPORATION RELATED TO THE BORROWER AS DESCRIBED IN SECTION 881(C)(3)(C) OF THE CODE.

THE UNDERSIGNED HAS FURNISHED THE ADMINISTRATIVE AGENT AND THE BORROWER WITH IRS FORM W-8IMY ACCOMPANIED BY ONE OF THE FOLLOWING FORMS FROM EACH OF ITS PARTNERS/MEMBERS THAT IS CLAIMING THE PORTFOLIO INTEREST EXEMPTION: (A) AN IRS FORM W-8BEN OR IRS FORM W-8BEN-E OR (B) AN IRS FORM W-8IMY ACCOMPANIED BY AN IRS FORM W-8BEN OR IRS FORM W-8BEN-E FROM EACH OF SUCH PARTNER'S/MEMBER'S BENEFICIAL OWNERS THAT IS CLAIMING THE PORTFOLIO INTEREST EXEMPTION. BY EXECUTING THIS CERTIFICATE, THE UNDERSIGNED AGREES THAT (I) IF THE INFORMATION PROVIDED ON THIS CERTIFICATE CHANGES, THE UNDERSIGNED SHALL PROMPTLY SO INFORM THE BORROWER AND THE ADMINISTRATIVE AGENT, AND (II) THE UNDERSIGNED SHALL HAVE AT ALL TIMES FURNISHED THE BORROWER AND THE ADMINISTRATIVE AGENT WITH A PROPERLY COMPLETED AND CURRENTLY EFFECTIVE CERTIFICATE IN EITHER THE CALENDAR YEAR IN WHICH EACH PAYMENT IS TO BE MADE TO THE UNDERSIGNED, OR IN EITHER OF THE TWO CALENDAR YEARS PRECEDING SUCH PAYMENTS.

UNLESS OTHERWISE DEFINED HEREIN, TERMS DEFINED IN THE LOAN AGREEMENT AND USED HEREIN SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE LOAN AGREEMENT.

[NAME OF LENDER]

BY:

NAME:

TITLE:

DATE: _____ __, ___

EXHIBIT G-1

FORM OF ASSET AND COLLECTIONS REPORT

(See attached.)

EXHIBIT G-2

FORM OF DELINQUENCY EMAIL

(See attached.)

Exhibit 10.2

Execution Version

CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF PUBLICLY DISCLOSED. OMISSIONS ARE DESIGNATED AS [***].

THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this *"Amendment"*), is dated as of May 29, 2020 (the *"Effective Date"*), by and among VIVINT SOLAR FINANCING VI, LLC, a Delaware limited liability company, as borrower (the *"Borrower"*), BANK OF AMERICA, N.A., as Administrative Agent (in such capacity, the *"Administrative Agent"*) and as Collateral Agent (in such capacity, the *"Collateral Agent"*) and the Lenders and the Funding Agents from time to time party to the Credit Agreement (as defined below).

RECITALS:

The Borrower, the Administrative Agent, the Collateral Agent, the Lenders and the Funding Agents, entered into that certain Credit Agreement, dated as of August 6, 2019, as amended by the First Amendment to Credit Agreement, dated as of October 28, 2019, and as further amended by the Second Amendment to Credit Agreement, First Amendment to Performance Guaranty and First Amendment to the Facility Administration Agreement, dated as of May 27, 2020 (collectively, the *"Credit Agreement"*);

In accordance with Section 10.2 of the Credit Agreement, the parties hereto desire to further amend the Credit Agreement, subject to the terms hereof;

In consideration of the premises and of the mutual covenants contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS.

Unless otherwise defined herein, all capitalized terms used herein have the meanings assigned to such terms in the Credit Agreement.

SECTION 2. AMENDMENTS, WAIVERS AND OTHER MODIFICATIONS.

Upon satisfaction of the conditions precedent set forth in Section 3 below:

2.1 Section 2.4(A) of the Credit Agreement is hereby amended by inserting the following sentence immediately prior to the end of such section:

"Notwithstanding the limitation on the amount of borrowings per calendar month set forth in this Section 2.4(A), the Borrower may request two borrowings in the month of June 2020."

2.2 Section 2.6 of the Credit Agreement is hereby amended by inserting the following clause (iv) immediately prior to the end of such section:

(iv) Notwithstanding anything to the contrary set forth in this Section 2.6(B), but without limiting the conditions set forth in Section 2.6(B)(iii) or Section 3.5, the Administrative Agent and the Lenders agree to a Revolving Advance Commitment Increase of $245,000,000 on May 29, 2020, as reflected within the revised Commitments set forth on Exhibit E hereto. For the avoidance of doubt, the agreement to effect a Revolving Advance Commitment Increase pursuant to the preceding sentence shall prohibit the Borrower from requesting additional Revolving Advance Commitment Increases pursuant to Section 2.6(B)(i).

2.3 Exhibit A of the Credit Agreement is amended by deleting in its entirety the definition of "Aggregate Commitment" and replacing it with the following:

"*Aggregate Commitment*" means, on any date of determination, the sum of the Commitments then in effect. The Aggregate Commitment as of May 29, 2020 is equal to $570,000,000.

2.4 Exhibit A of the Credit Agreement is amended by deleting in its entirety the definition of "Applicable Margin" and replacing it with the following:

"*Applicable Margin*" means, with respect to any day occurring (i) during the Availability Period, 3.10% per annum or (ii) during an Amortization Period, 4.10%; plus, in the case of both clauses (i) and (ii), if any Event of Default has occurred and is continuing on such day, 2.00%; provided that if the Cost of Funds Rate is determined by reference to clause (b) of the definition of Base Rate, the percentages set forth in clauses (i) and (ii) above shall be reduced by 1.00%.

2.5 Exhibit A of the Credit Agreement is amended by deleting in its entirety the definition of "Required Lenders" and replacing it with the following:

"Required Lenders" means, as of any date of determination, (i) at least two Lenders (or all Lenders if there is only one Lender) having more than the Required Percentage of the aggregate amount of all Commitments together with (ii) each Lender with at least $100,000,000 of the aggregate amount of Commitments (to the extent not included within clause (i)). For the purposes of determining the number of Lenders in the foregoing sentence, Affiliates of a Lender shall constitute the same Lender and Defaulting Lenders shall be excluded from any calculation of Required Lenders.

2.6 Exhibit A of the Credit Agreement is amended by deleting in its entirety the definition of "Unused Line Fee Percentage" and replacing it with the following:

"*Unused Line Fee Percentage*" means 0.65% per annum if the Usage Percentage is 50% or more and 0.85% per annum if the Usage Percentage is less than 50%.

2.7 Exhibit A of the Credit Agreement is amended by deleting in its entirety the definition of "Upfront Fee" and replacing it with the following:

"*Upfront Fee*" means (i) with respect to the Closing Date, an amount equal to the product of [***]% and the Aggregate Commitment, and (ii) with respect to the Revolving Advance Commitment Increase Date occurring on May 29, 2020, an amount equal to the product of [***]% and the Revolving Advance Commitment Increase on such date.

2.8 Exhibit E of the Credit Agreement is deleted in its entirety and replaced with Exhibit E attached to this Amendment.

SECTION 3. CONDITIONS PRECEDENT.

The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent in a manner satisfactory to the Administrative Agent:

(a) The Administrative Agent shall have received this Amendment, duly executed by the Borrower, the Administrative Agent, the Collateral Agent and all Lenders party to the Credit Agreement.

(b) The conditions precedent set forth in Sections 2.6(B) and 3.5 of the Credit Agreement (as amended by this Amendment) to the Revolving Advance Commitment Increase taking place on the date hereof shall have been satisfied, including the payment of the related Upfront Fee.

(c) The Administrative Agent shall have received opinions of counsel to the Borrower regarding certain corporate and security interest matters.

(d) The Administrative Agent shall have received: (i) a certificate from a Responsible Officer of the Borrower attesting to the (a) minutes of the board of directors of Sponsor authorizing the Borrower's execution, delivery, and performance of this Amendment and (b) incumbency and signatures of the Responsible Officers authorized to execute the same; (ii) copies of the Borrower's Organizational Documents, as amended, modified, or supplemented prior to the date hereof, in each case certified by a Responsible Officer of the Borrower; and (iii) a certificate of status with respect to the Borrower, dated within fifteen (15) days of the Closing Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of such entity, which certificate shall indicate that such entity is in good standing in such jurisdiction.

(e) The Administrative Agent shall have received the results of a recent search of all effective UCC financing statements (or equivalent filings) made with respect to the Borrower in all appropriate jurisdictions together with copies of all such filings disclosed by such search.

(f) The representations and warranties contained herein shall be true and correct as of the date hereof, as if made on the date hereof, except for such representations and warranties as are by their express terms limited to a specific date.

(g) All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be satisfactory to the Administrative Agent.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce the other parties hereto to enter into this Amendment, the Borrower hereby represents and warrants to the other parties hereto, as of the Effective Date, that:

(a) the execution, delivery and performance of this Amendment have been duly authorized by all necessary action on the part of, and duly executed and delivered by the Borrower and this Amendment is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law);

(b) execution, delivery and performance by it of this Amendment are within its powers, and do not conflict with, and will not result in a violation of, or constitute or give rise to an event of default under (i) any of its organizational documents, (ii) any agreement or other instrument which may be binding upon it, or (iii) any law, governmental regulation, court decree or order applicable to it or its properties; and

(c) it has all powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted except where the failure to obtain such licenses, authorizations, consents and approvals would not result in a Material Adverse Effect.

SECTION 5. EXECUTION IN COUNTERPARTS.

This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart by facsimile or electronic means shall be equally effective as delivery of an originally executed counterpart.

SECTION 6. GOVERNING LAW.

THIS AMENDMENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF

LAW PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AMENDMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK (NEW YORK COUNTY) OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AMENDMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR ANY LEGAL PROCESS WITH RESPECT TO ITSELF OR ANY OF ITS PROPERTY, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AMENDMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 7. WAIVER OF JURY TRIAL.

ALL PARTIES HEREUNDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE PARTIES IN CONNECTION HEREWITH OR THEREWITH. ALL PARTIES ACKNOWLEDGE AND AGREE THAT THEY HAVE RECEIVED FULL AND SIGNIFICANT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR ALL PARTIES TO ENTER INTO THIS AMENDMENT.

SECTION 8. EFFECT OF AMENDMENT; REAFFIRMATION OF TRANSACTION DOCUMENTS.

Except as specifically amended, waived or otherwise modified herein, the terms and conditions of the Credit Agreement and all other Transaction Documents and any other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect and, subject to such amendments, waivers and modifications herein set forth, are hereby ratified and confirmed. The Borrower hereby repeats and reaffirms all representations and warranties made to the Administrative Agent, the Collateral Agent and the Lenders in the Credit Agreement and the other Transaction Documents on and as of the date hereof (and after giving effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full (except to the extent that such representations and warranties relate expressly to an earlier date, in which case such representations and warranties were true and correct as of such earlier date).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date first above written.

VIVINT SOLAR FINANCING VI, LLC, as the Borrower

By: /s/ Thomas Plagemann
Name: Thomas Plagemann
Title: Chief Commercial Officer

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

BANK OF AMERICA, N.A., as Administrative Agent and Collateral Agent

By: /s/ Kelly Weaver
Name: Kelly Weaver
Title: Vice President

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

BANK OF AMERICA, NATIONAL ASSOCIATION, as a Lender

By: /s/ Sheikh Omer Farooq
Name: Sheikh Omer Farooq
Title: Managing Director

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ Patrick Duggan
Name: Patrick Duggan
Title: Authorized Signatory

By: /s/ Kevin Quinn
Name: Kevin Quinn
Title: Authorized Signatory

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

CITIBANK, N.A., as a Lender

By: /s/ Steven Vierengel
Name: Steven Vierengel
Title: Vice President

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

KeyBank National Association, as a Lender

By: /s/ Benjamin C Cooper
Name: Benjamin C Cooper
Title: Senior Vice President

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

SILICON VALLEY BANK, as a Lender

By: /s/ Tai Pimputkar
Name: Chaitali ("Tai") Pimputkar
Title: Director

[*Signature Page to Vivint Solar Financing VI, LLC Third Amendment to Credit Agreement*]

Exhibit E

Commitments

Committed Lender	Conduit Lender	Funding Agent	Commitment
Bank of America, National Association	N/A	N/A	$[***]
Credit Suisse AG, Cayman Islands Branch	N/A	N/A	$[***]
Citibank, N.A.	N/A	N/A	$[***]
KeyBank National Association	N/A	N/A	$[***]
Silicon Valley Bank	N/A	N/A	$[***]
		Total:	**$570,000,000**

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, 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 5, 2020

By: /s/ David Bywater
David Bywater
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, 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 5, 2020

By: /s/ Dana Russell
Dana Russell
Chief Financial Officer, Executive Vice President, and Assistant Secretary
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vivint Solar, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 5, 2020

By: /s/ David Bywater
David Bywater
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vivint Solar, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 5, 2020

By: /s/ Dana Russell
Dana Russell
Chief Financial Officer, Executive Vice President, and Assistant Secretary
(Principal Financial and Accounting Officer)