



Financed System Purchase Order

Purchaser Name and Address

Greg Nicholas
31637 Woodview Cir
Menifee, CA 92584

Equipment & System Installation Description

ITEM

6.440 kW DC (STC) photovoltaic system
Meter Number for this site: 222012-080133
Modules: Yingli Green Energy:YL230P-29b (28)
Inverter(s): Fronius USA:IG Plus 6.0-240 (1)
Free SolarGuard Solar Energy Monitoring System (20 Years)
Mounting System
System Installation

Costs

Purchase Amount:	\$51,391
Estimated Rebate:	\$5,794
Net System Cost:	\$45,597



3055 Clearview Way, San Mateo, CA 94402
T (888) SOL-CITY F (650) 638-1029 SOLARCITY.COM

ENERGY CONSUMPTION DETAILS AND ASSUMPTIONS

Prospective Homeowner Name and Address

**Greg Nicholas
Ann Nicholas
31637 Woodview Cir
Menifee, CA 92584**

Installation Location

**31637 Woodview Cir
Menifee, CA 92584**

AZ: ROC245450
AZ: ROC243771
CA: CSLB 888104
CO: EC 8401
OR: 180498
TX: TDLR 27006

Your energy usage patterns will vary over time. Energy usage comprises electricity (kWH) and gas (therms). SolarCity has collected your historical usage to more accurately design your system and estimate your energy bill savings. Though we make every effort to accurately estimate your utility savings, actual savings may vary from this estimate. Please review the data and assumptions below. The more accurate our assumptions are, the more accurate your savings will be.

2

For PV system output guarantee, please see Performance Guarantee Section at the end of this document.

I have reviewed my historical electric energy usage for accuracy.



INITIAL HERE

I have reviewed the Time of Use breakdown for accuracy.

INITIAL HERE

Current Energy Consumption Assumptions

Electric Utility: Southern California Edison

Electric Rate Plan: D

Gas Utility:

Gas Rate Plan:

Consumption by Month:

Month	kWh	Peak %	Part. Peak %	Off-Peak %	Therm s
Jan	1,489	0	0	100	0
Feb	1,406	0	0	100	0
Mar	1,292	0	0	100	0
Apr	1,052	0	0	100	0
May	1,145	0	0	100	0
Jun	1,149	0	0	100	0
Jul	1,371	0	0	100	0
Aug	1,634	0	0	100	0
Sep	1,804	0	0	100	0
Oct	1,549	0	0	100	0
Nov	1,212	0	0	100	0
Dec	1,467	0	0	100	0
Annual Total	16,570	0	0	100	0

Average Monthly Electric Bill: \$312.47

Proposed Energy Consumption Assumptions

Electric Utility: Southern California Edison

Electric Rate Plan: D

Gas Utility:

Gas Rate Plan:

Consumption by Month:

Month	kWh	Peak %	Part. Peak %	Off-Peak %	Therm s
Jan	1,489	0	0	100	0
Feb	1,406	0	0	100	0
Mar	1,292	0	0	100	0
Apr	1,052	0	0	100	0
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Jun	1,149	0	0	100	0
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Sep	1,804	0	0	100	0
Oct	1,549	0	0	100	0
Nov	1,212	0	0	100	0
Dec	1,467	0	0	100	0
Annual Total	16,570	0	0	100	0

Average Monthly Electric Bill: \$95.25

Utility Assumptions

Electric Rate Increase: 5.00 %

Gas Rate Increase: 0.00 %

Tax Assumptions

Federal Tax Rate: 30.00 %

State Tax Rate: 9.55 %

Discount Rate: 8.00 %

Lease Assumptions

Term: 20

Annual Payment Increase: 0.00%

End of Term Options:

Site Assumptions

System Size DC: 6.440 kW

System Size AC: 5.554 kW

Mounting Planes:

MOUNTING PLANE	SURFACE COMPOSITION	MONTHLY SUN PERCENTAGES	TILT	AZIMUTH	DC SIZE
Southwest Surface	Spanish Tile Roof	92, 94, 95, 97, 99, 99, 98, 97, 95, 94, 92, 92	22	220	3.220
Southeastern Surface	Spanish Tile Roof	98, 98, 98, 99, 99, 99, 99, 99, 99, 98, 98, 98	22	130	3.220

Rebate Assumptions

NAME	TYPE	RATE	UNIT	YEAR	AMOUNT
EPBB	UP-FRONT PAYMENT	\$1.100	AC Watt	0	\$5,794

Performance Guarantee

YEAR	GUARANTEED KWH	TOTAL KWH
1	9,603	9,603
2	9,507	19,109
3	9,412	28,521
4	9,317	37,838
5	9,224	47,062
6	9,132	56,195
7	9,041	65,235
8	8,950	74,185
9	8,861	83,046
10	8,772	91,818
11	8,684	100,503
12	8,598	109,101
13	8,512	117,612
14	8,427	126,039
15	8,342	134,381
16	8,259	142,640
17	8,176	150,816
18	8,094	158,910
19	8,014	166,924
20	7,933	174,857



SolarLease[®]

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Homeowner Name and Address

Greg Nicholas
31637 Woodview Cir
Menifee, CA 92584

Co-Owner Name (If Any)

Installation Location

31637 Woodview Cir
Menifee, CA 92584

AZ: ROC245450
AZ: ROC243771
CA: CSLB 888104
CO: CO EC 8041
DC: Pending
MD:127485
OR: CCB 180498
TX: TDLR 27006

1. INTRODUCTION

This SolarLease[®] (this "Lease") is the agreement between you and SolarCity Corporation (together with its successors and assigns, "SolarCity" or "we"), covering the lease to you of the solar panel system (the "System") described below. The System will be installed by SolarCity at the address you listed above. This Lease will refer to this address as the "Property" or your "Home." This Lease is nine (9) pages long and has three (3) Exhibits. This Lease has disclosures required by the Federal Consumer Leasing Act and, where applicable, state law. SolarCity provides you with a Performance Guaranty and Limited Warranty (the "Limited Warranty"). The Limited Warranty is attached as **Exhibit 2**. SolarCity will also provide you with a System user manual entitled "Solar Operation and Maintenance Guide" (the "Guide"), that contains important operation, maintenance and service information. This is a legally binding agreement, so please read everything carefully including **Exhibit 3**, which sets forth any rights you may have based on the state in which you live. If you have any questions regarding this Lease, please ask your SolarCity sales representative.

2. LEASE TERM

SolarCity agrees to lease you the System for **20 years** (240 full calendar months), plus, if the Interconnection Date is not on the first day of a calendar month, the number of days left in that partial

calendar month, including the Installation Date. We refer to this period of time as the "Lease Term." The Lease Term begins on the Interconnection Date. The Interconnection Date is the date that the System is fully up and running and generating energy.

3. SYSTEM DESCRIPTION

6.440 KW DC (STC) PHOTOVOLTAIC SYSTEM
Photovoltaic Modules
Inverter(s)
Mounting system
See Purchase Order for Installation Equipment
Monitoring system
Electric meter number: 222012-080133
The estimated average price per kWh over the Lease Term is: \$0.096
Extras:

4. LEASE PAYMENTS; AMOUNTS

A. Amount Due at Lease Signing or Delivery:

Amount Due at Lease Signing:	None
Delivery/Installation Fee:	None
First Monthly Payment:	\$9,040.22
Tax on First Monthly Payment:	\$791.02
Total:	\$9,831.24

B. Monthly Payments (taxes not included):

[illegible]

The total of your monthly payments is \$16,951.12.

Your first monthly payment is due on the first day of the first full calendar month following the Interconnection Date. After your first monthly payment, future Monthly Payments (and any applicable taxes) are due on the first day of the calendar month.

All payments include an automatic payment discount of \$15. Your monthly Lease payment will increase by \$15 if you do not make automatic monthly Lease payments from your checking or savings account.

C. Other Charges:

None.

D. Total of Payments:

(The amount you will have paid by the end of this Lease)

\$ 16,951.12 (total of Monthly Payments, and any other amounts specified in this Section 4; **does not include**

any additional installation cost or taxes)

E. Purchase Option At End of Lease Term:

You do not have an option to purchase the System at the end of the Lease Term.

F. Other Important Terms:

See Section 2 above for additional information on the Lease Term and also see below for additional information on termination, purchase options, renewal options, maintenance responsibilities, warranties, late and default charges and prohibition on assignment without SolarCity's consent.

5. LEASE OBLIGATIONS

(a) Notices

You agree to:

- (i) notify us *within 24 hours* if you discover that the System is not working correctly; and
- (ii) notify us *immediately* upon the discovery of an emergency condition relating to the System, damage to the System or theft of the System.

(b) System, Home and Property Maintenance

You agree to:

- (i) only have the System repaired pursuant to the Limited Warranty and reasonably cooperate when repairs are being made;
- (ii) keep trees, bushes and hedges trimmed so that the System receives as much sunlight as it did when SolarCity installed it;
- (iii) keep the panels clean, pursuant to the Limited Warranty and the Guide;
- (iv) not modify your Home in a way that shades the System;
- (v) be responsible for any conditions at your Home that affect the installation (e.g. blocking access to the roof);
- (vi) not remove any markings or identification tags on the System;
- (vii) permit SolarCity, after we give you reasonable notice, to inspect the System for proper operation as we reasonably determine necessary;
- (viii) use the System primarily for personal, family or household purposes, but not to heat a swimming pool;
- (ix) not do anything, permit or allow to exist any condition or circumstance which would cause the system not to operate as intended at the Property; and
- (x) notify SolarCity prior to changing your electricity supplier.

(c) Home Renovations or Repairs

If you want to make any repairs or improvements to the Property that could interfere with the System (such as repairing the roof where the System is located), you may only remove and

replace the System pursuant to the Limited Warranty.

(d) Return Fees; Late Charges; Checks; Automatic Payment

In addition to the other amounts you agree to pay in this Lease, you agree to pay the following:

- (i) Returned Check Fee: \$25 for any check or withdrawal right that is returned or refused by your bank;
- (ii) Late payments, which accrue interest at twelve percent (12%) annually or the maximum allowable by applicable law; and
- (iii) A \$15 monthly fee if you do not make automatic Monthly Payments through your checking or savings account.

(e) Insurance

SolarCity shall insure the System against all damage or loss unless (i) that damage or loss is caused by your gross negligence; or (ii) you intentionally damage the System.

(f) Estimated Taxes

You agree to pay any applicable sales or use taxes on the Monthly Payments due under this Lease. If this Lease contains a purchase option at the end of the Lease Term, you agree to pay any applicable tax on the purchase price for the System. You also agree to pay as invoiced any applicable personal property taxes on the System that your local jurisdiction may levy. The total estimated amount you will pay for taxes over the Lease Term is **\$1,483.22**.

(g) No Alterations

You agree that you will not make any modifications, improvements, revisions or additions to the System or take any other action that could void the Limited Warranty on the System without SolarCity's prior written consent. If you make any modifications, improvements, revisions or additions to the System, they will become part of the System and shall be SolarCity's property.

(i) You grant to SolarCity and its agents, employees and contractors the right to reasonably access all of the Property for the purposes of (a) installing, constructing, operating, owning, repairing, removing and replacing the System or making any additions to the System or installing complementary technologies on or about the location of the System; (b) enforcing SolarCity's rights as to this Lease and the System; (c) installing, using and maintaining electric lines and inverters and meters, necessary to interconnect the System to your electric system at the Property and/or to the utility's electric distribution system; or (d) taking any other action reasonably necessary in connection with the construction, installation, operation, maintenance, removal or repair of the System. This access right shall continue for up to ninety (90) days after this Lease expires to provide SolarCity with time to remove the System at the end of the Lease. SolarCity shall provide you with reasonable notice of its need to access the Property whenever commercially reasonable.

(ii) During the time that SolarCity has access rights you shall ensure that its access rights are preserved and shall not interfere with or permit any third party to interfere with such rights or access. You agree that the System is not a fixture, but SolarCity has the right to file any UCC-1 financing statement or fixture filing that confirms its interest in the System.

(i) Indemnity

To the fullest extent permitted by law, you shall indemnify, defend, protect, save and hold harmless SolarCity, its employees, officers, directors, agents, successors and assigns from any and all third party claims, actions, costs, expenses (including reasonable attorneys' fees and expenses), damages, liabilities, penalties, losses, obligations, injuries, demands and liens of any kind or nature arising out of, connected with, relating to or resulting from your negligence or willful misconduct; provided, that nothing herein shall require you to indemnify SolarCity for its own negligence or willful misconduct. The provisions of this

paragraph shall survive termination or expiration of this Lease.

(j) Monthly Payments

The Monthly Payments section (Section 4(B)) describes your monthly payment obligations under this Lease. YOU AGREE THAT THIS IS A NET LEASE AND THE OBLIGATION TO PAY ALL MONTHLY PAYMENTS AND ALL OTHER AMOUNTS DUE UNDER THIS LEASE SHALL BE ABSOLUTE AND UNCONDITIONAL UNDER ALL CIRCUMSTANCES AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, DEFENSE, COUNTERCLAIM, SETOFF, RECOUPMENT OR REDUCTION FOR ANY REASON WHATSOEVER, IT BEING THE EXPRESS INTENT OF THE PARTIES THAT ALL AMOUNTS PAYABLE BY YOU HEREUNDER SHALL BE AND CONTINUE TO BE PAYABLE IN ALL EVENTS INCLUDING BY YOUR HEIRS AND ESTATE AND, EXCEPT AS SET FORTH BELOW, YOU HEREBY WAIVE ALL RIGHTS YOU MAY HAVE TO REJECT OR CANCEL THIS LEASE, TO REVOKE ACCEPTANCE OF THE SYSTEM, OR TO GRANT A SECURITY INTEREST IN THE SYSTEM.

6. CONDITIONS PRIOR TO INSTALLATION OF THE SYSTEM

SolarCity's obligation to install and lease the System are conditioned on the following items having been completed to its reasonable satisfaction:

- (a) completion of the engineering site audit (a thorough physical inspection of the Property, including, if applicable, geotechnical work), and real estate due diligence to confirm the suitability of the Property for the construction, installation and operation of the System;
- (b) approval of this Lease by SolarCity's financing partner(s);
- (c) confirmation of rebate, tax credit and renewable energy credit payment availability in the amount used to calculate the Monthly Payment amounts set forth in this Lease;
- (d) confirmation that SolarCity will obtain all applicable benefits referred to in Section 9; and
- (e) receipt of all necessary zoning, land use and building permits.

SolarCity may terminate this Lease without liability if, in its reasonable judgment, any of the above listed conditions (a) through (e) will not be satisfied for reasons beyond its reasonable control. Once SolarCity starts installation, however, it may not terminate this Lease for your failure to satisfy conditions (a) through (e) above.

Both parties will also have the right to terminate this Lease, without penalty or fee, if SolarCity determines after the engineering site audit of your Home that it has misestimated by more than ten percent (10%) any of (i) the System size, (ii) the System's total cost or (iii) the System's annual production. Such termination right will expire at the **earlier** of (i) one (1) week prior to your scheduled System installation date and (ii) one (1) month after we inform you in writing of the revised size, cost or production estimate. Any changes to the System will be documented in an amendment to this Lease. You authorize SolarCity to make corrections to the rebate paperwork to conform to this Lease or any amendments to this Lease we both sign.

7. WARRANTY

YOU UNDERSTAND THAT THE SYSTEM IS WARRANTED SOLELY UNDER THE LIMITED WARRANTY, AND THAT THERE ARE NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PURPOSE, CONDITION, DESIGN, CAPACITY, SUITABILITY OR PERFORMANCE OF THE SYSTEM OR ITS INSTALLATION.

8. TRANSFER

SolarCity may assign, sell or transfer the System and this Lease, or any part of this Lease or the exhibits, without your consent. Assignment, sale or transfer generally means that SolarCity would transfer certain of its rights and certain of its obligations under this Lease to another party.

9. OWNERSHIP OF THE SYSTEM; TAX CREDITS AND REBATES

You understand and agree that this is a lease and not a sale agreement. SolarCity owns the System for all purposes, including any data generated from the System. You agree that the System is SolarCity's

personal property under the Uniform Commercial Code. You shall at all times keep the System free and clear of all liens, claims, levies and legal processes not created by SolarCity, and shall at your expense protect and defend SolarCity against the same.

YOU UNDERSTAND AND AGREE THAT ANY AND ALL TAX CREDITS, INCENTIVES, RENEWABLE ENERGY CREDITS, GREEN TAGS, CARBON OFFSET CREDITS, UTILITY REBATES OR ANY OTHER NON-POWER ATTRIBUTES OF THE SYSTEM ARE THE PROPERTY OF AND FOR THE BENEFIT OF SOLARCITY, USABLE AT ITS SOLE DISCRETION. SOLARCITY SHALL HAVE THE EXCLUSIVE RIGHT TO ENJOY AND USE ALL SUCH BENEFITS, WHETHER SUCH BENEFITS EXIST NOW OR IN THE FUTURE. YOU AGREE TO REASONABLY COOPERATE WITH SOLARCITY SO THAT IT MAY CLAIM ANY TAX CREDITS, REBATES OR BENEFITS FROM THE SYSTEM. THIS MAY INCLUDE TO THE EXTENT ALLOWABLE BY LAW FILING APPLICATIONS FOR REBATES FROM THE FEDERAL, STATE OR LOCAL, GOVERNMENT OR A LOCAL UTILITY AND GIVING THESE TAX CREDITS, REBATES OR BENEFITS TO SOLARCITY.

10. OPTION TO PURCHASE THE SYSTEM PRIOR TO THE END OF THE LEASE TERM

You may not purchase the System prior to the end of the Lease Term.

11. OPTION TO RENEW YOUR LEASE

You have the option to renew your Lease Term for up to ten (10) years in two (2) five (5) year renewal periods. We will send you renewal forms three (3) months prior to the expiration of the Lease Term, which forms shall set forth the new Monthly Payments due under the renewal Lease, based on our assessment of the then current fair market value of the System. If you want to renew and you are in compliance with this Lease, complete the renewal forms and return them to us at least one (1) month prior to the end of the Lease. In the event that you do not agree to the new Monthly Payments or do not submit a renewal form, the Lease shall expire by its terms on the termination date.

12. SELLING YOUR HOME

(a) If you sell your home you can:

(i) Transfer this Lease and the Monthly Payments.

If the person buying your Home meets SolarCity's credit requirements, then the person buying your Home can sign a transfer agreement assuming all of your rights and obligations under this Lease.

(ii) Move the System to your new Home.

If you are moving to a new home in the same utility district, the System can be moved to your new home only pursuant to the Limited Warranty. You will need to pay all costs associated with relocating the System, execute and deliver to SolarCity an easement for the replacement premises and provide any third party consents or releases required by SolarCity in connection with the substitute premises.

(iii) Prepay this Lease and Transfer only the Use of the System

If the person buying your home does not meet SolarCity's credit requirements, but still wants the System, then you can (A) prepay the payments remaining on the Lease (See Section 16(f)(i) and (ii), (B) add the cost of the Lease to the price of your home; and (C) have the person buying your Home sign a transfer agreement to assume your rights and non-Monthly Payment obligations under this Lease. The System stays at your Home, the new owner of your Home does not make any Monthly Payments and has only to comply with the non-Monthly Payment portions of this Lease.

- (b) You agree to give SolarCity at least fifteen (15) days but not more than three (3) months' prior written notice if you want someone to assume your Lease obligations. In connection with this assumption, you, your approved buyer and SolarCity shall execute a written transfer of this Lease. SolarCity may charge you a transfer review fee of two hundred fifty dollars (\$250). Unless we have released you from your obligations in writing, you are still responsible for performing under this Lease. If your buyer defaults on this Lease and we

have not yet signed the transfer agreement, you will be responsible for its default. We will release you from your obligations under this Lease in writing once we have a signed transfer agreement with the person buying your Home (provided such person has been approved as a transferee by SolarCity in writing).

- (c) If you sell your home and can't comply with any of the options in subsection (a) above, you will be in default under this Lease. Section 12(a) includes a home sale by your estate or heirs.
- (d) EXCEPT AS SET FORTH IN THIS SECTION, YOU WILL NOT SUBLEASE, ASSIGN, SELL, PLEDGE OR IN ANY OTHER WAY TRANSFER YOUR INTEREST IN THE SYSTEM OR THIS LEASE WITHOUT OUR PRIOR WRITTEN CONSENT, WHICH SHALL NOT BE UNREASONABLY WITHHELD.

13. LOSS OR DAMAGE

- (a) Unless you are grossly negligent or you intentionally damage the System, SolarCity will bear all of the risk of loss, damage, theft, destruction or similar occurrence to any or all of the System. Except as expressly provided in this Lease, no loss, damage, theft or destruction will excuse you from your obligations under this Lease, including Monthly Payments.
- (b) If there is loss, damage, theft, destruction or a similar occurrence affecting the System, and you are not in default of this Lease, you shall continue to timely make all Monthly Payments and pay all other amounts due under the Lease and, cooperate with SolarCity, at SolarCity's sole cost and expense, to have the System repaired pursuant to the Limited Warranty.

14. LIMITATION OF LIABILITY

- (a) **No Consequential Damages**
SOLARCITY'S LIABILITY TO YOU UNDER THIS LEASE SHALL BE LIMITED TO DIRECT, ACTUAL DAMAGES ONLY. YOU AGREE THAT IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR CONSEQUENTIAL,

INCIDENTAL, PUNITIVE, EXEMPLARY, SPECIAL OR INDIRECT DAMAGES.

(b) Actual Damages

Except for claims under Section 5(i), neither party's liability to the other will exceed an amount equal to the maximum amount that could be payable by you under Section 16(f). Damages to your home, belongings or property resulting from the installation or operation of the System are considered direct damages and are covered in Section 6(c) of the Limited Warranty.

15. DEFAULT

You will be in default under this Lease if any one of the following occurs:

- (a) you fail to make any payment when it is due and such failure continues for a period of ten (10) days;
- (b) you fail to perform any material obligation that you have undertaken in this Lease (which includes doing something you have agreed not to do, like alter the System) and such failure continues for a period of fifteen (15) days after written notice;
- (c) you or your guarantor have provided any false or misleading financial or other information to obtain this Lease;
- (d) you assign, transfer, encumber, sublet or sell this Lease or any part of the System without SolarCity's prior written consent; or
- (e) you or any guarantor makes an assignment for the benefit of creditors, admits in writing its insolvency, files or there is filed against you or it a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent or undertakes or experiences any substantially similar activity.

16. REMEDIES IN CASE OF DEFAULT

If this Lease is in default, we may take any one or more of the following actions. If the law requires us to do so, we will give you notice and wait any period of time required before taking any of these actions. We may:

- (a) terminate this Lease and your rights to possess and use the System;
- (b) take any reasonable action to correct your default or to prevent our loss; any amount we pay will be added to the amount you owe us and will be immediately due;
- (c) require you, at your expense, to return the System or make it available to us in a reasonable manner;
- (d) proceed, by appropriate court action, to enforce performance of this Lease and to recover damages for your breach;
- (e) take back the System by legal process or self-help, but we may not breach the peace or violate the law;
- (f) recover from you (i) all accrued but unpaid monthly payments, taxes, late charges, penalties, interest and all or any other sums then accrued or due and owing, plus (ii) the unpaid balance of the aggregate rent, each payment discounted to present value at 5% per annum, plus (iii) reasonable compensation, on a net after tax basis assuming a tax rate of 35%, for the loss or recapture of (A) the investment tax credit equal to thirty percent (30%) of the System cost, including installation; and (B) accelerated depreciation over five (5) years equal to eighty five percent (85%) of the System cost, including installation, and for the loss of any anticipated benefits pursuant to Section 9 of the Lease (SolarCity shall furnish you with a detailed calculation of such compensation if a claim is made therefore); or
- (g) use any other remedy available to us in this Lease or by law.

You agree to repay us for any reasonable amounts we pay to correct or cover your default. You also agree to reimburse us for any costs and expenses we incur relating to the System's return resulting from early termination. By choosing any one or more of these remedies, SolarCity does not give up its right to use another remedy. By deciding not to use any remedy should this Lease be in default, SolarCity does not give up our right to use that remedy in case of a subsequent default.

17. RETURNING THE SYSTEM AT THE END OR UPON TERMINATION OF THIS LEASE

If you don't renew this Lease, then there are three (3) possibilities with respect to returning or keeping the System at the end or termination of this Lease:

- (i) If at the end or termination of this Lease Term you have not defaulted on this Lease, and you have not exercised your purchase option (if any), then within ninety (90) days:
 - (A) SolarCity may at its choosing, remove the System from your home at no cost to you; or
 - (B) if SolarCity does not tell you that it wants to remove the System and you want to have the System removed from your Home at no cost to you, you must make a claim under the Limited Warranty which governs your rights in this respect.
- (ii) If at the end or termination of this Lease you are in default, and SolarCity chooses to remove the System from your Home then you agree to pay SolarCity the reasonable expense of removing the System from your Home.
- (iii) If at the end or termination of this Lease SolarCity chooses not to remove the System and you do not require removal within 90 days pursuant to the Limited Warranty, then you will be considered to be the new owner of the System and it will automatically be conveyed to you as is.

18. APPLICABLE LAW; ARBITRATION

The laws of the state where your Home is located shall govern this Lease without giving effect to conflict of laws principles. We agree that any dispute, claim or disagreement between us shall be resolved by arbitration. Judgment on an arbitrator's award may be entered in any court having jurisdiction. All statutes of limitations that are applicable to any dispute shall apply to any arbitration between us.

Each arbitration, including the selecting of the arbitrator, will be administered by JAMS/Endispute, LLC under its Commercial Arbitration Rules and, in addition, the Due Process Protocol for Mediation and Arbitration of Consumer Disputes most recently in

effect. Arbitration will be governed by the Federal Arbitration Act (Title 9 of the U.S. Code). Either party can initiate an arbitration proceeding by filing the necessary forms with JAMS. To learn more about arbitration, you can call any JAMS office or review the materials at www.jamsadr.com. If a JAMS office does not exist in the county where you are located, another arbitrator will be agreed upon or if no other arbitrator can be agreed upon, then we will use the JAMS or American Arbitration Association office closest to your Home.

You and we shall each bear our own costs and expenses, including attorneys' fees, with respect to any arbitration. However, if under the circumstances relating to the dispute it is determined by the arbitrator that it would be unconscionable or otherwise inappropriate for you to pay the JAMS filing and all other fees associated with the arbitration, we will pay those fees for you.

Only disputes involving you and us may be addressed in the arbitration. You agree that you may not pursue any dispute as a "class action" unless the amount in dispute between us is less than three thousand dollars (\$3,000), not including any claim you might bring for attorneys' fees or punitive or exemplary damages. This means that the arbitration may not address disputes involving other persons which disputes may be similar to the disputes between you and us.

The arbitrator shall have the authority to award any legal or equitable remedy or relief that a court could order or grant. The arbitrator, however, is not authorized to change or alter the terms of this Lease or to make any award that would extend to any transaction other than your own. The prevailing party in any arbitration or court action will be entitled to recover as part of the award its costs and reasonable attorneys' fees and expenses.

BECAUSE WE HAVE AGREED TO ARBITRATE ALL DISPUTES, NEITHER OF US WILL HAVE THE RIGHT TO LITIGATE THAT DISPUTE IN COURT, OR TO HAVE A JURY TRIAL ON THAT DISPUTE, OR ENGAGE IN DISCOVERY EXCEPT AS PROVIDED FOR IN THE JAMS RULES. FURTHER, YOU WILL NOT HAVE THE RIGHT TO PARTICIPATE AS A REPRESENTATIVE OR

MEMBER OF ANY CLASS PERTAINING TO ANY DISPUTE UNLESS THE AMOUNT IN DISPUTE IS LESS THAN THREE THOUSAND DOLLARS (\$3,000) NOT INCLUDING ANY CLAIM YOU MIGHT BRING FOR ATTORNEYS' FEES OR PUNITIVE OR EXEMPLARY DAMAGES. THE ARBITRATOR'S DECISION WILL BE FINAL AND BINDING, EXCEPT TO THE EXTENT IT IS SUBJECT TO REVIEW IN ACCORDANCE WITH APPLICABLE LAW GOVERNING ARBITRATION AWARDS. OTHER RIGHTS THAT YOU OR WE WOULD HAVE IN COURT MAY ALSO NOT BE AVAILABLE IN ARBITRATION.

19. WAIVER

Any delay or failure of a party to enforce any of the provisions of this Lease, including but not limited to any remedies listed in this Lease, or to require performance by the other party of any of the provisions of this Lease, shall not be construed to (i) be a waiver of such provisions or a party's right to enforce that provision; or (ii) affect the validity of this Lease.

20. NOTICES

All notices under this Lease shall be in writing and shall be by personal delivery, facsimile transmission, electronic mail, overnight courier, or certified, or registered mail, return receipt requested, and deemed received upon personal delivery, acknowledgment of receipt of electronic transmission, the promised delivery date after deposit with overnight courier, or five (5) days after deposit in the mail. Notices shall be sent to the person identified in this Lease at the addresses set forth in this Lease or such other address as either party may specify in writing. Each party shall deem a document faxed to it as an original document.

21. ENTIRE AGREEMENT; CHANGES

This Lease contains the parties' entire agreement regarding the lease of the System. There are no other agreements regarding this Lease, either written or oral. Any change to this Lease must be in writing and signed by both parties. If any portion of this Lease is determined to be unenforceable, the remaining provisions shall be enforced in accordance with their

terms or shall be interpreted or re-written so as to make them enforceable.

22. NOTICE OF RIGHT TO CANCEL

YOU MAY CANCEL THIS LEASE AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE YOU SIGN THIS LEASE. SEE **EXHIBIT 1**, THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT.

23. ADDITIONAL RIGHTS TO CANCEL

In addition to any right you may have to cancel this Lease under Section 22, you may also cancel this Lease without charge at any time prior to 5 p.m. of the 30th calendar day after the date you sign this Lease. Further, if your 30 day cancellation right has passed, you may also cancel this Lease prior to the commencement of the engineering site audit upon payment of a five hundred dollar (\$500) cancellation fee.

I have read this Lease and the Exhibits in their entirety and I acknowledge that I have received a complete copy of this Lease.

Owner's Name: Greg Nicholas

Signature: _____

Date: _____

Co-Owner's Name (if any): Ann Nicholas

Signature: _____

Date: _____

SOLARCITY APPROVED

[SolarCity Signature]

LYNDON RIVE, CEO

SolarLease



Date: _____



3055 Clearview Way, San Mateo, CA 94402
T (888) SOL-CITY F (650) 638-1029 SOLARCITY.COM

SolarLease[®]

EXHIBIT 1

SOLARCITY COPY

NOTICE OF CANCELLATION

STATUTORILY-REQUIRED LANGUAGE (ARIZONA, CALIFORNIA AND COLORADO)

Notice of Cancellation

Date of Transaction: The date you signed the Lease.

You may cancel this transaction, without any penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale and any negotiable instrument executed by you will be returned within 10 days following receipt by the seller (SolarCity Corporation) of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller (SolarCity Corporation) at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale, or you may, if you wish, comply with the instructions of the seller (SolarCity Corporation) regarding the return shipment of the goods at the seller's (SolarCity Corporation's) expense and risk. If you do make the goods available to the seller (SolarCity Corporation) and the seller (SolarCity Corporation) does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller (SolarCity Corporation), or if you agree to return the goods to the seller (SolarCity Corporation) and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice, or any other written notice, or send a telegram to SolarCity Corporation, 3055 Clearview Way, San Mateo, CA 94402 not later than midnight of the date that is 3 business days from the date you signed the Lease.

I, _____ [Name], hereby cancel this transaction on _____ [Date].

Lessee's Signature:

Co-Lessee's Signature:



3055 Clearview Way, San Mateo, CA 94402
T (888) SOL-CITY F (650) 638-1029 SOLARCITY.COM

SolarLease[®]

EXHIBIT 2

PERFORMANCE GUARANTY AND LIMITED WARRANTY

1. INTRODUCTION

This Performance Guaranty and Limited Warranty (this "Limited Warranty") is SolarCity's agreement to provide you warranties on the System you leased. The System will be professionally installed by SolarCity at the address you listed in the Lease. We will refer to the installation location as your "Property" or your "Home." This Limited Warranty begins when we start installing the System at your Home. We look forward to helping you produce clean, renewable solar energy at your Home.

2. LIMITED WARRANTIES

(a) Limited Warranties

SolarCity warrants the System as follows:

(i) System Warranty

During the entire Lease Term, under normal use and service conditions, the System will be free from defects in workmanship or defects in, or a breakdown of, materials or components (the "System Warranty");

(ii) Roof Warranty

When we penetrate your roof during a System installation we will warrant roof damage we cause to areas that are within a three (3) inch radius of our roof penetrations. This roof warranty will run the longer of (A) one (1) year following the completion of the System installation; and (B) the length of any existing installation warranty or new home builder performance standard for your roof (the "Roof Warranty Period"); and

(iii) Repair Promise

During the entire Lease Term, SolarCity will honor the System Warranty and will repair or replace any defective part, material or component or correct any defective workmanship, at no cost or expense to you (including all labor costs), when you submit a valid claim to us under this Limited Warranty. If we damage your home, your belongings or your Property we will repair the damage we cause or pay you for the damage we cause as described in Section 6. SolarCity may use new or reconditioned parts when making repairs or replacements. SolarCity may also, at no additional cost to you, upgrade or add to any part of the System to ensure that it performs according to the guarantees set forth in this Limited Warranty. Cosmetic repairs that do not involve safety or performance shall be made at SolarCity's discretion.

(b) Warranty Length

- (i) The warranties in sections (a)(i) and (a)(iii) above will start when we begin installing the System at your Home and continue through the entire Lease Term but never less than ten (10) years. Thus, for as long as you lease the System from SolarCity, you will have a System Warranty and our Repair Promise.
- (ii) The Roof Warranty Period may be shorter than the System Warranty, as described in Section (a)(ii) above.
- (iii) If you have assumed an existing Lease, then this Limited Warranty will cover you for the remaining balance of the existing Lease Term.

(c) Performance Warranties and Guaranty

(i) Energy Production Guarantee

SolarCity guarantees that during the Lease Term the System will generate the guaranteed annual kilowatt-hours (kWh) ("Guaranteed Annual kWh") in the table set forth below as follows:

YEAR	GUARANTEED KWH	TOTAL KWH
1	9,603	9,603
2	9,507	19,109
3	9,412	28,521
4	9,317	37,838
5	9,224	47,062
6	9,132	56,195
7	9,041	65,235
8	8,950	74,185
9	8,861	83,046
10	8,772	91,818
11	8,684	100,503
12	8,598	109,101
13	8,512	117,612
14	8,427	126,039
15	8,342	134,381
16	8,259	142,640
17	8,176	150,816
18	8,094	158,910
19	8,014	166,924
20	7,933	174,857

- A. If at the end of each successive twelve (12) month anniversary of your first monthly payment the cumulative Actual Annual kWh (defined below) generated by the System is less than the Guaranteed Annual kWh, **then we will send you a refund check** equal to the difference between the cumulative Actual Annual kWh and the Guaranteed Annual kWh multiplied by the Guaranteed Energy Price per kWh (defined below). We will make that payment within thirty (30) days of the end of the calendar year.

For example, if the first twelve (12) month period commences on October 1, 2009 and ends on September 30, 2010, and the energy the System was supposed to generate is less than the energy the system was guaranteed to generate during such twelve (12) month period, we will pay you the difference in the Actual Annual kWh and the Guaranteed Annual kWh multiplied by the Guaranteed Energy price per kWh within thirty (30) days after December 31, 2010. See the table below for a real world example.

Example Guaranteed Annual kWh	Example Actual Annual kWh	Example Guaranteed \$/kWh Energy Price	Example Payment to You
10,000	9,500	\$0.10	\$50.00

- B. If at the end of each successive twelve (12) month anniversary of your first monthly payment the Actual Annual kWh is **greater** than the Guaranteed Annual kWh during any twelve (12) month period, this surplus will be carried over and will be used to offset any deficits that may occur in the future. If your System produces more energy than the Guaranteed Annual kWh then this additional energy is yours at no additional cost.

"Actual Annual kWh" means the AC electricity produced by your System in kilowatt-hours measured and recorded by SolarCity during each successive twelve (12) month anniversary of your first monthly payment. To measure the Actual Annual kWh we will use the SolarGuard® Monitoring Service or to the extent such services are not available, we will estimate the Actual Annual kWh by reasonable means.

"Guaranteed Energy Price per kWh" means \$0.180 per kWh with an annual increase of Three-point-nine-zero percent (3.90%).

(ii) System Failure

If you are leasing the System during the Lease Term and the System is unable to generate any electricity (a "System Failure") for a whole calendar day, SolarCity will repay you for the Lease cost you paid during each whole calendar day of the System Failure within thirty (30) days. Such System Failure payments shall be included for determining payments under the production guarantee.

(iii) SolarGuard®

During the Lease Term, we will provide you at no additional cost our SolarGuard Monitoring Service ("SolarGuard"). SolarGuard is a proprietary monitoring system designed and installed by SolarCity that captures and displays historical energy generation data over an Internet connection and consists of hardware located on site and software hosted by SolarCity. If your System is not operating within normal ranges, SolarGuard will tell us and we will notify you promptly.

(iv) PowerGuide™

If you have upgraded your Lease to include the PowerGuide™ Monitoring Service ("PowerGuide"), SolarCity will provide it to you for the first ten (10) years of the Lease Term. PowerGuide is a SolarGuard improvement that captures and displays historical energy consumption data. Not all home electricity systems are compatible with PowerGuide. If you ordered PowerGuide and your home is not compatible with PowerGuide, then SolarCity will adjust your Lease payments to reflect its removal.

(v) Output Warranty

The System's electrical output during the first ten (10) years of the Lease Term shall not decrease by more than fifteen percent (15%). This Output warranty is in addition to the Energy Production Guarantee in Section 2(c)(i) of this Exhibit 2 and you will be provided a refund check for underproduction as set forth in Section 2(c)(i).

(d) Maintenance and Operation

(i) General

When your System is installed you will be given a copy of SolarCity's Solar Operation and Maintenance Guide. This guide provides you with System operation and maintenance instructions, answers to frequently asked questions, troubleshooting tips and service information.

(ii) SolarGuard

Both the SolarGuard service and its PowerGuide upgrade require a high speed Internet line to operate. Therefore, during the Lease Term, you agree to maintain the communication link between SolarGuard and the System and between SolarGuard and the Internet. You agree to maintain and make available, at your cost, a functioning indoor Internet connection with one available wired Ethernet port and standard AC power outlet within eighty (80) feet of the System's AC/DC inverter(s). This communication link must be a 10/100 Mbps Ethernet connection that supports common Internet protocols (TCP/IP and DHCP). If you do not have and maintain a working high speed Internet line we will not be able to monitor your System and provide you with a production guarantee or provide a PowerGuide upgrade.

(e) Making a Claim; Transferring this Warranty

(i) Claims Process

You can make a claim by:

- A. Emailing us at the email address in Section 7 below;
- B. Writing us a letter and sending it overnight mail with a well-known service; or
- C. Sending us a fax at the number in Section 7 below.

(ii) Transferable Limited Warranty

SolarCity will accept and honor any valid and properly submitted Warranty claim made during any Lease Term by any person who either purchases the System from you or to whom you properly transfer the Lease.

(f) Exclusions and Disclaimer

The limited warranties and guaranty provided in this Limited Warranty do not apply to any lost electricity production or any repair, replacement or correction required due to the following:

- (i) someone other than SolarCity or its approved service providers installed, removed, re-installed or repaired the System;
- (ii) destruction or damage to the System or its ability to safely produce energy not caused by SolarCity or its approved service providers while servicing the System (e.g. if a tree falls on the System we will replace the System per the Lease, but we will not repay you for power it did not produce);
- (iii) your failure to perform, or breach of, your obligations under the Lease (e.g. you modify or alter the System);
- (iv) your breach of this Limited Warranty, including your being unavailable to provide access or assistance to us in diagnosing or repairing a problem, or your failing to maintain the System as stated in the Solar Operation and Maintenance Guide;
- (v) any Force Majeure Event (as defined below);
- (vi) shading from foliage that is new growth or is not kept trimmed to its appearance on the date the System was installed;
- (vii) any System Failure or lost production not caused by a System defect (e.g. the System is not producing power because it has been removed to make roof repairs or you have required us to locate the inverter in a non-shaded area); and

- (viii) theft of the System (e.g. if your System is stolen we will replace your System per the Lease, but we will not repay you for the power it did not produce).

This Limited Warranty gives you specific rights, and you may also have other rights which vary from state to state. This Limited Warranty does not warrant any specific electrical performance of the System, other than that described above.

THE LIMITED WARRANTIES DESCRIBED IN SECTIONS 2(a) and (c) ABOVE ARE THE ONLY EXPRESS WARRANTIES MADE BY SOLARCITY WITH RESPECT TO THE SYSTEM. SOLARCITY HEREBY DISCLAIMS, AND ANY BENEFICIARY OF THIS LIMITED WARRANTY HEREBY WAIVES, ANY WARRANTY WITH RESPECT TO ANY COST SAVINGS FROM USING THE SYSTEM.

3. SOLARCITY'S STANDARDS

For the purpose of this Limited Warranty the standards for our performance will be (i) normal professional standards of performance within the solar photovoltaic power generation industry in the relevant market; and (ii) Prudent Electrical Practices. "Prudent Electrical Practices" means those practices, as changed from time to time, that are engaged in or approved by a significant portion of the solar energy electrical generation industry operating in the United States to operate electric equipment lawfully and with reasonable safety, dependability, efficiency and economy.

4. SYSTEM REPAIR, RELOCATION OR REMOVAL

- (a) You agree that if (i) the System needs any repairs that are not the responsibility of SolarCity under this Limited Warranty, (ii) the system needs to be removed and reinstalled to facilitate remodeling of your Home or (iii) the system is being relocated to another home you own pursuant to the Lease, you will have SolarCity, or another similarly qualified service provider, at your expense, perform such repairs, removal and reinstallation, or relocation on a time and materials basis.
- (b) If you want to return the System to SolarCity under Section 17 of the Lease then SolarCity will remove the System at no cost to you. SolarCity will remove the posts and waterproof the post area. SolarCity will warrant the waterproofing for one (1) year after it removes the System. Color matching of the patched roof area will be done with material you provide to us. You agree to reasonably cooperate with SolarCity in removing the Solar Panel System including providing necessary space, access and storage and we will reasonably cooperate with you to schedule removal in a time and manner that minimizes inconvenience to you.

5. FORCE MAJEURE

If SolarCity is unable to perform all or some of its obligations under this Limited Warranty because of a Force Majeure Event, SolarCity will be excused from whatever performance is affected by the Force Majeure Event, provided that:

1. SolarCity, as soon as is reasonably practical, gives you notice describing the Force Majeure Event;
2. SolarCity's suspension of its obligations is of no greater scope and of no longer duration than is required by the Force Majeure Event (i.e. when a Force Majeure event is over, we will make repairs); and
3. No SolarCity obligation that arose before the Force Majeure Event that could and should have been fully performed before such Force Majeure Event is excused as a result of such Force Majeure Event.

"Force Majeure Event" means any event, condition or circumstance beyond the control of and not caused by SolarCity's fault or negligence. It shall include, without limitation, failure or interruption of the production, delivery or acceptance of electricity due to: an act of god; war (declared or undeclared); sabotage; riot; insurrection; civil unrest or disturbance; military or guerilla action; terrorism; economic sanction or embargo; civil strike, work stoppage, slow-down, or lock-out; explosion; fire; earthquake; abnormal weather condition or actions of the elements; hurricane; flood; lightning; wind; drought; the binding order of any governmental authority (provided that such order has been resisted in good faith by all reasonable legal means); the failure to act on the part of any governmental authority (provided that such action has been

timely requested and diligently pursued); unavailability of electricity from the utility grid, power or voltage surge caused by someone other than SolarCity including a grid supply voltage outside of the standard range specified by your utility equipment, supplies or products (but not to the extent that any such availability of any of the foregoing results from SolarCity's failure to have exercised reasonable diligence); and failure of equipment not utilized by SolarCity or under its control.

6. LIMITATIONS ON LIABILITY

(a) No Consequential Damages

YOU MAY ONLY RECOVER DIRECT DAMAGES INCLUDING THOSE AMOUNTS DUE PURSUANT TO SECTIONS 2(c) AND 6(C) UNDER THIS LIMITED WARRANTY, AND IN NO EVENT SHALL SOLARCITY OR ITS AGENTS OR SUBCONTRACTORS BE LIABLE TO YOU OR YOUR ASSIGNS FOR SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION MAY NOT APPLY TO YOU.

(b) Limitation of Duration of Implied Warranties

ANY IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY ARISING UNDER STATE LAW, SHALL IN NO EVENT EXTEND PAST THE EXPIRATION OF ANY WARRANTY PERIOD IN THIS LIMITED WARRANTY. SOME STATES DO NOT ALLOW LIMITATIONS ON HOW LONG AN IMPLIED WARRANTY LASTS, SO THE ABOVE LIMITATION MAY NOT APPLY TO YOU.

(c) Limit of Liability

Notwithstanding any other provision of this Limited Warranty to the contrary, SolarCity's total liability arising out of relating to this Limited Warranty shall in no event:

- (i) For System Failure or Replacement: exceed the sum of the Lease payments over the Term of the Lease; and
- (ii) For damages to your Home, Belongings and Property: exceed two million dollars (\$2,000,000).

7. NOTICES

All notices under this Limited Warranty shall be made in the same manner as set forth in the Lease to the addresses listed below:

TO SOLARCITY: SolarCity Corporation
3055 Clearview Way
San Mateo, CA 94402
Attention: Warranty Claims
Telephone: 650-638-1028
Facsimile: 650-638-1029
Email: leaseadministrator@solarcity.com

TO YOU: At the billing address in the Lease or any subsequent billing address you give us.

8. ASSIGNMENT AND TRANSFER OF THIS LIMITED WARRANTY

SolarCity may assign its rights or obligations under this Limited Warranty to a third party without your consent, provided that any assignment of SolarCity's obligations under this Limited Warranty shall be to a party professionally and financially qualified to perform such obligation. This Limited Warranty protects only the person who leases the System.

Your rights and obligations under this Limited Warranty will be automatically transferred to any person who purchases the System from you or to whom you properly transfer the Lease. This Limited Warranty contains the parties' entire agreement regarding the limited warranty of the System.