UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016

☐ **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, Utah 84043
(Address of principal executive offices) (Zip Code)

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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 November 1, 2016, 110,121,252 shares of the registrant's common stock were outstanding.

Vivint Solar, Inc.

Quarterly Report on Form 10-Q

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Vivint Solar, Inc.

Condensed Consolidated Balance Sheets
(In thousands, except per share data and footnote 1)
(Unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 113,037	$ 92,213
Accounts receivable, net	12,080	3,636
Inventories	6,522	631
Prepaid expenses and other current assets	19,422	17,078
Total current assets	151,061	113,558
Restricted cash and cash equivalents	23,469	15,035
Solar energy systems, net	1,389,946	1,102,157
Property and equipment, net	26,176	48,168
Intangible assets, net	1,559	2,031
Goodwill	—	36,601
Prepaid tax asset, net	399,809	277,496
Other non-current assets, net	15,823	14,024
TOTAL ASSETS (1)	$ 2,007,843	$ 1,609,070
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Accounts payable	$ 48,775	$ 49,986
Accounts payable—related party	425	1,905
Distributions payable to non-controlling interests and redeemable non-controlling interests	16,439	11,347
Accrued compensation	24,490	13,758
Current portion of deferred revenue	14,754	4,968
Current portion of capital lease obligation	5,451	5,489
Accrued and other current liabilities	27,378	29,017
Total current liabilities	137,712	116,470
Capital lease obligation, net of current portion	6,756	10,055
Long-term debt	675,978	415,850
Deferred tax liability, net	341,231	216,033
Deferred revenue, net of current portion	36,914	43,304
Other non-current liabilities	9,824	28,565
Total liabilities (1)	1,208,415	830,277
Commitments and contingencies (Note 17)		
Redeemable non-controlling interests	137,931	169,541
Stockholders' equity:		
Common stock, $0.01 par value—1,000,000 authorized, 109,868 shares issued and outstanding as of September 30, 2016; 1,000,000 authorized, 106,576 shares issued and outstanding as of December 31, 2015	1,099	1,066
Additional paid-in capital	538,123	530,646
Accumulated other comprehensive income	429	—
Accumulated deficit	(14,921)	(12,769)
Total stockholders' equity	524,730	518,943
Non-controlling interests	136,767	90,309
Total equity	661,497	609,252
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY	$ 2,007,843	$ 1,609,070

(1) The Company's assets as of September 30, 2016 and December 31, 2015 include $1,277.4 million and $1,005.8 million consisting of assets of variable interest entities, or VIEs, that can only be used to settle obligations of the VIEs. These assets include solar energy systems, net, of $1,244.9 million and $990.6 million as of September 30, 2016 and December 31, 2015; cash and cash equivalents of $22.1 million and $12.0 million as of September 30, 2016 and December 31, 2015; accounts receivable, net, of $7.8 million and $3.1 million as of September 30, 2016 and December 31, 2015; other non-current assets, net of $1.5 million and a de minimis amount as of September 30, 2016 and December 31, 2015; and prepaid expenses and other current assets of $1.1 million and $0.1 million as of September 30, 2016 and December 31, 2015. The Company's liabilities as of September 30, 2016 and December 31, 2015 included $69.5 million and $66.4 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 $16.4 million and $11.3 million as of September 30, 2016 and December 31, 2015; deferred revenue of $44.7 million and $47.9 million as of September 30, 2016 and December 31, 2015; accrued and other current liabilities of $6.7 million and $3.9 million as of September 30, 2016 and December 31, 2015; and other non-current liabilities of $1.7 million and $3.3 million as of September 30, 2016 and December 31, 2015. For further information see Note 12—Investment Funds.

See accompanying notes to condensed consolidated financial statements

Vivint Solar, Inc.

Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Operating leases and incentives	$ 33,394	$ 21,781	$ 80,033	$ 45,662
Solar energy system and product sales	7,868	693	13,363	2,492
Total revenue	41,262	22,474	93,396	48,154
Operating expenses:				
Cost of revenue—operating leases and incentives	39,268	37,624	115,566	94,799
Cost of revenue—solar energy system and product sales	6,468	470	10,606	1,384
Sales and marketing	8,617	12,051	32,078	37,181
Research and development	842	1,047	2,218	2,549
General and administrative	19,022	21,954	60,006	71,948
Amortization of intangible assets	342	3,711	762	11,195
Impairment of goodwill and intangible assets	—	—	36,601	4,506
Total operating expenses	74,559	76,857	257,837	223,562
Loss from operations	(33,297)	(54,383)	(164,441)	(175,408)
Interest expense	9,361	3,351	22,539	8,208
Other (income) expense	(434)	26	(95)	399
Loss before income taxes	(42,224)	(57,760)	(186,885)	(184,015)
Income tax (benefit) expense	(2,959)	(7,448)	10,245	15,977
Net loss	(39,265)	(50,312)	(197,130)	(199,992)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(55,961)	(50,780)	(194,978)	(226,262)
Net income available (loss attributable) to common stockholders	$ 16,696	$ 468	$ (2,152)	$ 26,270
Net income available (loss attributable) per share to common stockholders:				
Basic	$ 0.15	$ 0.00	$ (0.02)	$ 0.25
Diluted	$ 0.15	$ 0.00	$ (0.02)	$ 0.24
Weighted-average shares used in computing net income available (loss attributable) per share to common stockholders:				
Basic	108,692	106,492	107,516	105,932
Diluted	113,344	110,223	107,516	109,694

See accompanying notes to condensed consolidated financial statements.

Vivint Solar, Inc.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income available (loss attributable) to common stockholders	$ 16,696	$ 468	$ (2,152)	$ 26,270
Other comprehensive income:				
Unrealized gain on cash flow hedging instruments (net of tax effect of $286, $0, $286, $0)	429	—	429	—
Comprehensive income (loss)	$ 17,125	$ 468	$ (1,723)	$ 26,270

See accompanying notes to condensed consolidated financial statements.

Vivint Solar, Inc.

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (197,130)	$ (199,992)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	32,376	16,771
Amortization of intangible assets	762	11,195
Impairment of goodwill and intangible assets	36,601	4,506
Deferred income taxes	124,912	77,480
Stock-based compensation	6,145	23,206
Loss on solar energy systems and property and equipment	4,576	1,169
Non-cash interest and other expense	4,963	2,557
Gain on ineffective portion of cash flow hedge	(258)	—
Reduction in lease pass-through financing obligation	(3,279)	—
Excess tax effects from stock-based compensation	(1,280)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,444)	(3,627)
Inventories	(5,891)	302
Prepaid expenses and other current assets	98	1,498
Prepaid tax asset, net	(122,313)	(135,951)
Other non-current assets, net	(4,255)	(990)
Accounts payable	664	6,570
Accounts payable—related party	(1,480)	(588)
Accrued compensation	8,334	3,713
Deferred revenue	3,396	25,761
Accrued and other liabilities	(2,377)	21,785
Net cash used in operating activities	(123,880)	(144,635)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the cost of solar energy systems	(318,273)	(383,674)
Payments for property and equipment, net	(2,004)	(5,282)
Change in restricted cash and cash equivalents	(8,434)	(6,656)
Purchase of intangible assets	(291)	(1,675)
Net cash used in investing activities	(329,002)	(397,287)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from investment by non-controlling interests and redeemable non-controlling interests	237,148	232,071
Distributions paid to non-controlling interests and redeemable non-controlling interests	(22,230)	(17,146)
Proceeds from long-term debt	500,257	148,000
Payments on long-term debt	(224,400)	—
Payments for debt issuance costs	(16,774)	(3,078)
Proceeds from lease pass-through financing obligation	1,417	4,005
Principal payments on capital lease obligations	(4,357)	(3,600)
Proceeds from issuance of common stock	2,645	648
Excess tax effects from stock-based compensation	—	1,717
Payments for deferred offering costs	—	(589)
Net cash provided by financing activities	473,706	362,028
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,824	(179,894)
CASH AND CASH EQUIVALENTS—Beginning of period	92,213	261,649
CASH AND CASH EQUIVALENTS—End of period	$ 113,037	$ 81,755
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Costs of lessor-financed tenant improvements	$ 7,850	$ —
Accrued distributions to non-controlling interests and redeemable non-controlling interests	$ 5,092	$ 1,536
Property acquired under build-to-suit agreements	$ 2,896	$ 12,250
Sale-leaseback of property under build-to-suit agreements	$ (28,456)	$ —
Vehicles acquired under capital leases	$ 1,868	$ 8,882
Receivable for tax credit recorded as a reduction to solar energy system costs	$ 1,364	$ 914
Change in fair value of interest rate swap	$ 973	$ —
Costs of solar energy systems included in changes in accounts payable, accrued compensation and other accrued liabilities	$ 503	$ 28,619

See accompanying notes to condensed consolidated financial statements.

1 . Organization

Vivint Solar, Inc. was incorporated as a Delaware corporation on August 12, 2011. Vivint Solar, Inc. and its subsidiaries are collectively referred to as the "Company." The Company commenced operations in May 2011.

The Company primarily offers solar energy to residential customers through long-term customer contracts, such as power purchase agreements and solar energy system leases. The Company also offers customers the option to purchase solar energy systems. The Company enters into customer contracts primarily through a sales organization that uses a direct-to-home sales model. The long-term customer contracts are typically for 20 years and require the customer to make monthly payments to the Company.

The Company has formed various investment funds and entered into long-term debt facilities to monetize the recurring customer payments under its long-term customer contracts and the investment tax credits, accelerated tax depreciation and other incentives associated with residential solar energy systems. The Company uses the cash received from the investment funds, long-term debt facilities and cash generated from operations to finance a portion of the Company's variable and fixed costs associated with installing the residential solar energy systems under long-term customer contracts. The obligations of the Company are in no event obligations of the investment funds.

Merger Agreement with SunEdison

On July 20, 2015, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with SunEdison , Inc., a Delaware corporation ("SunEdison") and SEV Merger Sub, Inc., a wholly-owned subsidiary of SunEdison. The Merger Agreement was subsequently amended on December 9, 2015 to update the terms of the merger. The Company terminated the Merger Agreement on March 7, 2016. On March 8, 2016, the Company filed suit against SunEdison alleging that SunEdison willfully breached its obligations under the Merger Agreement and breached its implied covenant of good faith and fair dealing. SunEdison filed for Chapter 11 bankruptcy in April 2016. On September 13, 2016, the bankruptcy court denied the Company's motion for relief from the automatic stay, requiring that the Company's claim for breach of the Merger Agreement be brought in the bankruptcy proceeding. See Note 17—Commitments and Contingencies.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's annual report on Form 10-K dated as of March 14, 2016. The unaudited condensed consolidated financial statements are prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments (all of which are considered of normal recurring nature) considered necessary to present fairly the Company's financial results. The results of the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2016 or for any other interim period or other future year.

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

Us e 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, estimates that affect the Company's principles of consolidation; investment tax credits; revenue recognition; solar energy systems, net; impairment analysis of long-lived assets; goodwill impairment analysis; the recognition and measurement of loss contingencies; stock-based compensation; provision for income taxes; 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.

Comprehensive Income (Loss)

Prior to the three months ended September 30, 2016, the Company had no comprehensive income or loss. For the three months ended September 30, 2016, other comprehensive income (loss) includes an unrealized gain on a derivative financial instrument designated as a cash flow hedge. See "—Derivative Financial Instruments" for accounting policies related to the Company's derivative financial instruments.

Derivative Financial Instruments

The Company entered into an interest rate swap in August 2016 in order to reduce interest rate risk as required by the terms of one of the Company's debt agreements. See Note 10—Debt Obligations. The interest rate swap is designated as a cash flow hedge. Changes in fair value for the effective portion of this cash flow hedge are recorded in other comprehensive income and will subsequently be reclassified to interest expense over the life of the related debt facilities as interest payments are made. Changes in fair value for the ineffective portion of the cash flow hedge are recognized in other (income) expense. See Note 11—Derivative Financial Instruments.

Debt Issuance Costs

During the nine months ended September 30, 2016, the Company adopted Accounting Standards Update ("ASU") 2015-03, which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt obligation. ASU 2015-15 further clarified that this treatment is not required to be applied to revolving line-of-credit arrangements. The Company applied ASU 2015-03 on a retrospective basis; however, the Company's long-term debt in all prior periods presented was comprised of revolving line-of-credit arrangements. As such, there is no change to the Company's prior period condensed consolidated balance sheets. In 2016, the Company entered into term loan facilities that are presented net of debt issuance costs.

Intangible Assets – Internal-Use Software

During the nine months ended September 30, 2016, the Company adopted ASU 2015-05, which requires that if a cloud computing arrangement includes a software license, the payment of fees are accounted for in the same manner as the acquisition of other software licenses. If there is no software license, the fees are accounted for as a service contract. The Company adopted this update prospectively, which did not have a significant impact on the Company's condensed consolidated financial statements in the current period.

Revenue Recognition for Solar Energy System Sales

The revenue from solar energy system sales is recognized upon the solar energy system passing an inspection by the responsible governmental department after completion of system installation and interconnection to the power grid, assuming all other revenue recognition criteria are met.

In connection with a sale, the Company is obligated to assist with processing and submitting customer claims on the manufacturer warranties, provide routine system monitoring services on sold systems and notify the customer of any problems. While the value and nature of these services is not significant, the Company considers these services to have standalone value to the customer. Therefore, the Company allocates a portion of the contract consideration to these administrative and maintenance services based on the relative selling price method and the Company recognizes the deferred revenue over the contractual service term. As of September 30, 2016, the Company's obligations to customers subsequent to the sale of solar energy systems were approximately $0.2 million. No obligations were recorded as of December 31, 2015 as sales of solar energy systems were de minimis.

Other Changes

During the nine months ended September 30, 2016, the Company consolidated its reporting segments as discussed in Note 19—Segment Information.

Recent Accounting Pronouncements

In October 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-17, *Consolidation (Topic 810): Interests held through related parties that are under common control.* This update does not change the characteristics of a primary beneficiary in current account guidance, but requires an entity to consider additional factors when determining if it is the primary beneficiary of a VIE that is under common control with related parties. This update is effective for annual periods beginning after December 15, 2016 for public business entities. The amendments in this updates should be applied using a modified retrospective approach. The Company is evaluating this update but currently expects it will not have a material impact on its condensed consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory.* Current accounting guidance prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. This update will require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective for annual periods beginning after December 15, 2017 for public business entities and early adoption is permitted. The amendments in this update should be applied using a modified retrospective approach. The Company is evaluating this update but currently expects it will have a material impact on its condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* This update clarifies how certain cash flows should be classified with the objective of reducing the existing diversity in practice. This update is effective for annual periods beginning after December 15, 2017 for public business entities and early adoption is permitted. The amendments in this update should be applied using a retrospective transition method and must all be applied in the same period. The Company is evaluating the impact of this update on its condensed consolidated financial statements and related disclosures.

From March 2016 through May 2016, the FASB issued ASU 2016-12, ASU 2016-11, ASU 2016-10 and ASU 2016-08. These updates all clarify aspects of the guidance in ASU 2014-09, *Revenue from Contracts with Customers* , which represents comprehensive reform to revenue recognition principles related to customer contracts . Additionally, per ASU 2015-14, the effective date of these updates for the Company was deferred to January 1, 2018, with early adoption available on January 1, 2017. The Company currently plans to adopt the new standard in 2018 using the retrospective transition method. The Company is still evaluating the impact this guidance will have on the Company's condensed consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* The objective of this update is to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeiture rates and classification on the statement of cash flows. This update is effective for annual periods beginning after December 15, 2016 for public business entities and early adoption is permitted. The Company expects to apply the update upon its effectiveness in the first quarter of 2017 and expects the update to have an impact to its equity balance in the condensed consolidated balance sheet and all expense line items where stock compensation is recorded on the condensed consolidated statement of operations in the first quarter of 2017.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* . The objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This update primarily changes the recognition by lessees of lease assets and liabilities for leases currently classified as operating leases. Lessor accounting remains largely unchanged. This update is effective in fiscal years beginning after December 15, 2018 for public business entities and early adoption is permitted. The amendments should be applied using a modified retrospective approach. The Company has operating leases that will be affected by this update and is evaluating the impact on its condensed consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Topic 825-10): Rec ognition and Measurement of Financial Assets and Financial Liabilities* . The objective of this update is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments in this update address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This update is effective in fiscal years beginning after December 15, 2017. The amendments should be applied by means of a cumulative- effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company does not expect the update to have a significant impact on its condensed consolidated financial statements and related disclosures.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* . This ASU changes the measurement principle for inventories valued under the first-in, first-out ("FIFO") or weighted-average methods from the lower of cost or market to the lower of cost or net realizable value. Net realizable value is defined by the FASB as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This ASU does not change the measurement principles for inventories valued under the last-in, first-out method. The update is effective in fiscal years beginning after December 15, 2016. Early adoption is permitted. The Company does not expect this update to have a significant impact on its condensed consolidated financial statements and related disclosures.

3. Fair Value Measurements

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

	September 30, 2016			
	Level I	Level II	Level III	Total
Financial Assets				
Interest rate swap	$ —	$ 973	$ —	$ 973
Time deposits	—	100	—	100
Total financial assets	$ —	$ 1,073	$ —	$ 1,073

	December 31, 2015			
	Level I	Level II	Level III	Total
Financial Assets				
Time deposits	$ —	$ 1,900	$ —	$ 1,900
Total financial assets	$ —	$ 1,900	$ —	$ 1,900

The interest rate swap (Level II) is valued using a discounted cash flow model which incorporates an assessment of the risk of non-performance by the interest rate swap counterparty and the Company. The valuation model uses various observable inputs including contractual terms, interest rate curves, credit spreads and measures of volatility.

Time deposits (Level II) approximate fair value due to their short-term nature (30 days) and, upon renewal, the interest rate is adjusted based on current market rates. The Company's outstanding principal balance of long-term debt is carried at cost and was $691.7 million and $415.9 million as of September 30, 2016 and December 31, 2015. The Company estimated the fair values of long-term debt to approximate its carrying values as interest accrues at floating rates based on market rates. The Company did not realize gains or losses related to financial assets for any of the periods presented.

4. Inventories

Inventories consisted of the following (in thousands):

	September 30, 2016	December 31, 2015
Solar energy systems held for sale	$ 5,780	$ 121
Photovoltaic installation devices and software products	742	510
Total inventories	$ 6,522	$ 631

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 FIFO basis, or market. Photovoltaic installation devices and software products are stated at the lower of cost, on an average cost basis, or market.

5 . Solar Energy Systems

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

	September 30, 2016	December 31, 2015
System equipment costs	$ 1,178,684	$ 893,088
Initial direct costs related to solar energy systems	242,220	171,081
	1,420,904	1,064,169
Less: Accumulated depreciation and amortization	(61,542)	(32,505)
	1,359,362	1,031,664
Solar energy system inventory	30,584	70,493
Solar energy systems, net	$ 1,389,946	$ 1,102,157

Solar energy system inventory represents the solar components and materials used in the installation of solar energy systems prior to being installed on customers' roofs. As such, no depreciation is recorded related to this line item. The Company recorded depreciation and amortization expense related to solar energy systems of $11.1 million and $6.3 million for the three months ended September 30, 2016 and 2015. Depreciation and amortization expense related to solar energy systems of $29.1 million and $15.0 million was recorded for the nine months ended September 30, 2016 and 2015.

6 . Property and Equipment

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

	Estimated Useful Lives	September 30, 2016	December 31, 2015
Vehicles acquired under capital leases	3 years	$ 21,558	$ 24,149
Leasehold improvements	1-12 years	15,060	4,116
Furniture and computer and other equipment	3 years	6,130	6,524
		42,748	34,789
Less: Accumulated depreciation and amortization		(16,572)	(12,181)
		26,176	22,608
Build-to-suit lease asset under construction		—	25,560
Property and equipment, net		$ 26,176	$ 48,168

The Company recorded depreciation and amortization related to property and equipment of $3.0 million and $2.2 million for the three months ended September 30, 2016 and 2015. Depreciation and amortization expense related to property and equipment of $8.2 million and $5.6 million was recorded for the nine months ended September 30, 2016 and 2015.

The Company leases fleet vehicles that are accounted for as capital leases and are included in property and equipment, net. Of total property and equipment depreciation and amortization, depreciation on vehicles under capital leases of $1.5 million and $1.4 million was capitalized in solar energy systems, net for the three months ended September 30, 2016 and 2015. Depreciation on vehicles under capital leases of $4.8 million and $3.8 million was capitalized in solar energy systems, net for the nine months ended September 30, 2016 and 2015.

Because of its involvement in certain aspects of the construction of a new headquarters building in Lehi, UT, t he Company was deemed the owner of the building for accounting purposes during the construction period. Accordingly, the Company recorded a build-to-suit lease asset and corresponding liabilities during the construction period. In May 2016, construction on the headquarters building was completed. The building qualified for sale-leaseback treatment as the Company determined the lease to be a normal leaseback, payment terms indicated the landlord has continuing investment in the property and the payment terms transferred the risks and rewards of ownership to the landlord. As such, the Company has removed the build-to-suit lease asset and liabilities from its condensed consolidated balance sheet as of September 30, 2016. For additional information regarding the related build-to-suit liabilities and the resulting ongoing lease, see Note 17—Commitments and Contingencies.

7 . Intangible Assets and Goodwill

Intangible Assets

Intangible assets consisted of the following (in thousands):

	September 30, 2016	December 31, 2015
Cost:		
Internal-use software	$ 1,314	$ 1,591
Developed technology	522	522
Trademarks/trade names	201	201
Customer relationships	164	164
Total carrying value	2,201	2,478
Accumulated amortization:		
Internal-use software	(325)	(219)
Developed technology	(175)	(126)
Trademarks/trade names	(54)	(39)
Customer relationships	(88)	(63)
Total accumulated amortization	(642)	(447)
Total intangible assets, net	$ 1,559	$ 2,031

The Company recorded amortization expense of $0.3 million and $3.7 million for the three months ended September 30, 2016 and 2015, which was included in amortization of intangible assets in the condensed consolidated statements of operations. The Company recorded amortization expense of $0.8 million and $11.2 million for the nine months ended September 30, 2016 and 2015. Internal-use software assets of $0.6 million reached the end of their useful lives during the nine months ended September 30, 2016 and were removed from cost and accumulated amortization.

In February 2015, the Company decided to discontinue the external sales of two Vivint Solar Labs products: the SunEye and PV Designer. This discontinuance was considered an indicator of impairment, and a review regarding the recoverability of the carrying value of the related intangible assets was performed. In-process research and development, which was intended to generate Vivint Solar Labs product sales in the residential market, was discontinued and deemed fully impaired resulting in a charge of $2.1 million. Certain trade names that will no longer be utilized were deemed fully impaired resulting in a charge of $1.3 million. The SunEye and PV Designer developed technology assets were deemed fully impaired resulting in a charge of $0.7 million. Customer relationships were deemed partially impaired by $0.4 million due to the loss of external customers who purchased the discontinued products. As a result of this review, the Company recorded a total impairment charge of $4.5 million for the nine months ended September 30, 2015. In the second quarter of 2016, the Company resumed external sales of the SunEye product.

Goodwill Impairment

Annual Goodwill Impairment Test

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net tangible and intangible assets acquired. As of December 31, 2015, the Company consisted of two operating segments: (1) Residential and (2) Commercial and Industrial ("C&I"). As the C&I business was created in 2015 by the Company, and not acquired, and the Company's goodwill was recorded prior to 2015, all goodwill remains with the Residential operating segment. As such, the Company's impairment test is based on a single operating segment and reporting unit structure.

The Company performs its goodwill impairment test annually or whenever events or circumstances change that would indicate that goodwill might be impaired. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If the qualitative step is not passed, the Company performs a two-step impairment test whereby in the first step, the Company must compare the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds its fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying value of the goodwill. Any excess of the goodwill carrying value over the implied fair value is recognized as an impairment loss.

Based on the results of the annual goodwill impairment analysis in the fourth quarter of 2015, the Company determined the two-step test was not necessary based on its qualitative assessments and concluded that it was more likely than not that the fair value of its Residential reporting unit was greater than its respective carrying value as of October 1, 2015 and 2014.

Goodwill I mpairment T est as of March 31, 2016

In conjunction with the acquisition by SunEdison failing to occur, the Company's market capitalization decreased significantly during the first quarter of 2016 from $1.0 billion as of December 31, 2015 to $283 million as of March 31, 2016. The Company considered this significant decrease in market capitalization to be an indicator of impairment and the Company performed a step one test for potential impairment as of March 31, 2016.

The step one analysis resulted in the Company concluding that the carrying book value of its Residential reporting unit was higher than the business unit's fair value. Because the Residential reporting unit failed the step one test, the Company was required to perform the step two test, which utilizes a notional purchase price allocation using the estimated fair value from step one as the purchase price to determine the implied value of the reporting unit's goodwill. The completion of the step two test resulted in the determination that the $36.6 million of the Residential reporting unit's goodwill was fully impaired. The $36.6 million impairment charge is shown in the line item impairment of goodwill and intangible assets in the Company's condensed consolidated statements of operations.

In performing step one of the goodwill impairment test, it was necessary to determine the fair value of the Residential reporting segment. The fair value of the reporting unit was estimated using a discounted cash flow methodology ("DCF"). The market analysis included looking at the valuations of comparable public companies, as well as recent acquisitions of comparable companies. The Residential reporting unit is comprised of many differing consolidated entities and components that have been aggregated for operational and financial reporting purposes. The discount rate is applicable to the Residential reporting unit as a whole and is not intended for use for any individual asset, entity or component of the Company.

Two key inputs to the DCF analysis were the future cash flow projection and the discount rate. The Company used a 30-year future cash flow projection, based on the Company's long-range forecast of current customer contracts and an estimate of customer renewals of 90% subsequent to the 20-year customer contract period, discounted to present value.

The discount rate was determined by estimating the reporting unit's weighted average cost of capital, reflecting the nature of the reporting unit as a whole and the perceived risk of the underlying cash flows. In its DCF methodology, the Company used a 7.25% discount rate for the cash flows related to current customer contracts and a 9.25% discount rate for the estimated cash flows from customer renewals subsequent to the 20-year customer contract period. A higher discount rate was used for the estimated customer renewals due to the increased subjectivity of this cash flow stream. If the Company had varied the discount rates by 1.0%, it would not have impacted the ultimate results of the step one test. The excess of the carrying value over the fair value of the Residential reporting unit was approximately 15%.

Because the Residential reporting unit failed the step one test, the Company was required to perform the step two test, which utilizes a purchase price allocation using the estimated fair value from step one as the purchase price to determine the implied value of the reporting unit's goodwill. The step two test involves allocating the fair value of the Residential reporting unit to all of its assets and liabilities on a fair value basis, with the excess amount representing the implied value of goodwill. As part of this process the fair value of the reporting unit's identifiable assets was determined. The fair values of these assets were determined primarily through the use of the DCF method if the fair value was estimated to differ materially from book value . After determining the fair value of the reporting unit's assets and liabilities and allocating the fair value of the Residential reporting unit to those assets and liabilities , it was determined that there was no implied value of goodwill. The carrying value of the reporting unit's goodwill was $36.6 million, which resulted in the impairment charge of $36.6 million, which was recorded in impairment of goodwill and intangible assets in the condensed consolidated statements of operations.

8 . Accrued Compensation

Accrued compensation consisted of the following (in thousands):

	September 30, 2016	December 31, 2015
Accrued payroll	$ 14,763	$ 6,918
Accrued commissions	8,777	6,840
Accrued severance	950	—
Total accrued compensation	$ 24,490	$ 13,758

9 . Accrued and Other Current Liabilities

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

	September 30, 2016	December 31, 2015
Current portion of lease pass-through financing obligation	$ 4,813	$ 3,835
Accrued unused commitment fees and interest	3,212	1,014
Income tax payable	3,194	6,169
Accrued professional fees	3,149	7,918
Accrued litigation settlements	2,772	1,790
Accrued return of lease pass-through upfront lease payment	1,808	—
Sales and use tax payable	1,751	3,524
Deferred rent	1,414	1,064
Other accrued expenses	5,265	3,703
Total accrued and other current liabilities	$ 27,378	$ 29,017

10. Debt Obligations

Debt obligations consisted of the following as of September 30, 2016 (in thousands, except interest rates):

	Principal Borrowings	Unamortized Debt Issuance Costs	Net Carrying Value	Unused Borrowing Capacity	Interest Rate	Maturity Date
Revolving lines of credit						
Aggregation credit facility	$ 148,500	$ — (1)	$ 148,500	$ 226,500	3.8%	March 2018
Working capital credit facility (2)	142,600	— (1)	142,600	—	3.8	March 2020
Term loan facility	300,000	(10,322)	289,678	—	3.5 (3)	August 2021
Subordinated HoldCo credit facility	99,750	(5,239)	94,511	100,000	8.6	March 2020
Credit agreement	857	(168)	689	2,143	6.5	(4)
Total debt	$ 691,707	$ (15,729)	$ 675,978	$ 328,643		

Debt obligations consisted of the following as of December 31, 2015 (in thousands, except interest rates):

	Principal Borrowings	Unamortized Debt Issuance Costs	Net Carrying Value	Unused Borrowing Capacity	Interest Rate	Maturity Date
Aggregation credit facility	$ 269,100	$ — (1)	$ 269,100	$ 105,900	3.8%	March 2018
Working capital credit facility	146,750	— (1)	146,750	—	3.5	March 2020
Total debt	$ 415,850	$ —	$ 415,850	$ 105,900		

(1) Revolving lines of credit are not presented net of unamortized debt issuance costs. See Note 2—Summary of Significant Accounting Policies.

(2) 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.

(3) The interest rate of this facility is partially hedged to an effective interest rate of 4.0% for $270.0 million of the principal borrowings. See Note 11—Derivative Financial Instruments.

(4) Quarterly payments of principal and interest are payable over a seven year term. The seven year term begins after the final completion date of the underlying solar energy systems.

Term Loan Facility

In August 2016, the Company entered into a credit agreement (the "Term Loan Facility") pursuant to which it may borrow up to $313.0 million aggregate principal amount of term borrowings and letters of credit from certain financial institutions for which Investec Bank PLC is acting as administrative agent. The borrower under the Term Loan Facility is Vivint Solar Financing II, LLC, a wholly owned indirect subsidiary of the Company. Proceeds of $300.0 million in term loan borrowings under the Term Loan Facility were used to: (1) repay $220.5 million of existing indebtedness under the Aggregation Facility to remove the portfolio of projects being used as collateral for the Term Loan Facility (the "Portfolio"); (2) distribute $63.6 million to the Company; (3) pay $10.6 million in transaction costs and fees in connection with the Term Loan Facility; and (4) fund $5.3 million in agreed reserve accounts. Additionally, letters of credit for up to $13.0 million were issued for a debt service reserve.

For the initial four years of the term of the Term Loan Facility, interest on borrowings accrues at an annual rate equal to the London Interbank Offered Rate ("LIBOR") plus 3.00%. Thereafter interest accrues at an annual rate equal to LIBOR plus 3.25%. In the third quarter of 2016, the Company entered into an interest rate swap hedging arrangement such that 90% of the aggregate principal amount of the outstanding term loan is subject to a fixed interest rate. See Note 11—Derivative Financial Instruments. Certain principal payments are due on a quarterly basis, at the end of January, April, July and October of each year, subject to the occurrence of certain events, including failure to meet certain distribution conditions, proceeds received by the borrower or subsidiary guarantors in respect of casualties, and proceeds received for purchased systems. Principal and interest payable under the Term Loan Facility mature in August 2021 and optional prepayments, in whole or in part, are permitted under the Term Loan Facility, without premium or penalty apart from any customary LIBOR breakage provisions.

The Term Loan Facility includes customary events of default, conditions to borrowing and covenants, including negative covenants that restrict, subject to certain exceptions, the borrower's and guarantors' ability to incur indebtedness, incur liens, make fundamental changes to their respective businesses, make certain types of restricted payments and investments or enter into certain transactions with affiliates. A debt service reserve account was funded with the outstanding letters of credit under the Term Loan Facility. As such, the debt service reserve is not classified as restricted cash and cash equivalents on the condensed consolidated balance sheets. The borrower is required to maintain an average debt service coverage ratio of 1.55 to 1. As of September 30, 2016, the Company was in compliance with such covenants.

Prior to the maturity of the Term Loan Facility, a fund investor could exercise a put option in two of the Company's investment funds and require the Company to purchase the fund investor's interest in those investment funds . As such, the Company was required to establish a $2.9 million reserve at the inception of the Term Loan Facility in order to pay the fund investor if either of the put options is exercised prior to the maturity of the Term Loan Facility. In addition, a $2.4 million escrow account was established with respect to those systems in the Portfolio that had not been placed in service as of the closing date, with a single disbursement of this amount to occur once such systems have been placed in service, subject to compliance with the Portfolio concentration restrictions and limitations related to the Portfolio. These reserves are classified as restricted cash and cash equivalents on the condensed consolidated balance sheets.

The obligations of the borrower are secured by a pledge of the membership interests in the borrower, all of the borrower's assets, and the assets of the borrower's directly owned subsidiaries acting as managing members of the underlying investment funds. In addition, the Company guarantees certain obligations of the borrower under the Term Loan Facility.

Interest expense for the Term Loan Facility was approximately $2.2 million for the three and nine months ended September 30, 2016. No interest expense was incurred for the three and nine months ended September 30, 2015.

Subordinated HoldCo Facility

In March 2016, the Company entered into a financing agreement (the "Subordinated HoldCo Facility," formerly known as the "Term Loan Facility") pursuant to which it may borrow up to an aggregate principal amount of $200.0 million of term loan borrowings from investment funds and accounts advised by HPS Investment Partners, formerly known as Highbridge Principal Strategies, LLC. The borrower under the Subordinated HoldCo Facility is Vivint Solar Financing Holdings, LLC, one of the Company's subsidiaries. The initial $75.0 million in borrowings are referred to as "Tranche A" borrowings. The remaining $125.0 million aggregate principal amount in borrowings may be incurred in three installments of at least $25.0 million aggregate principal amount prior to March 2017. Such subsequent borrowings are referred to as "Tranche B" borrowings. The Company incurred $25.0 million in Tranche B borrowings in July 2016. As a result, the maturity date for all borrowings was extended to March 2020. The Company may not prepay any borrowings until March 2018 and any subsequent prepayments of principal are subject to a 3.0% fee. Borrowings under the Subordinated HoldCo Facility will be used for the construction and acquisition of solar energy systems.

Prior to the Tranche B borrowings being incurred, i nterest on principal borrowings unde r the Subordinated HoldCo Facility accrue d at a floating rate of LIBOR plus 5.5%. Subsequent to the Tranche B borrowings being incurred, interest accrues at a floating rate of LIBOR plus 8.0%. The Subordinated HoldCo F acility includes customary events of default, conditions to borrowing and covenants, including covenants that restrict, subject to certain exceptions, the borrower's, and the guarantors' ability to incur indebtedness, incur liens, make investments, make fu ndamental changes to their business, dispose of assets, make certain types of restricted payments or enter into certain related party transactions. These restrictions do not impact the Company's ability to enter into investment funds, including those that are similar to those entered into previously. Additionally, the parties to the Subordinated HoldCo F acility must maintain certain consolidated and project subsidiary loan-to-value ratios and a consolidated debt service coverage ratio, with such covenants t o be tested as of the last day of each fiscal quarter and upon each incurrence of borrowings. As of September 30, 2016, the Company was in compliance with such covenants. Each of the parties to the Subordinated HoldCo F acility has pledged assets not otherw ise pledged under another existing debt facility as collateral to secure their obligations under the Subordinated HoldCo F acility. Vivint Solar Financing Holdings Parent, LLC, another of the Company's subsidiaries and the parent company of the borrower and certain other of the Company's subsidiaries guarantee the borrower's obligations under the financing agreement.

Interest expense for the Subordinated HoldCo Facility was approximately $2.6 million and $4.4 million for the three and nine months ended September 30, 2016. No interest expense was recorded for the three and nine months ended September 30, 2015. A $5.1 million interest reserve amount was deposited in an interest reserve account with the administrative agent and is included in restricted cash and cash equivalents. The interest reserve increases as borrowings increase under the Subordinated HoldCo Facility.

Bank of America, N.A. Aggregation Credit Facility

In September 2014, the Company entered into an aggregation credit facility (as amended, the "Aggregation Facility"), pursuant to which the Company may borrow up to an aggregate of $375.0 million and, upon the satisfaction of certain conditions and the approval of the lenders , up to an additional aggregate of $175.0 million in borrowings with certain financial institutions for which Bank of America, N.A. is acting as administrative agent.

Prepayments are permitted under the Aggregation Facility, and the principal and accrued interest on any outstanding loans mature in March 2018. Under the Aggregation Facility, interest on borrowings accrues at a floating rate equal to either (1)(a) LIBOR or (b) the greatest of (i) the Federal Funds Rate plus 0.5%, (ii) the administrative agent's prime rate and (iii) LIBOR plus 1% and (2) a margin that varies between 3.25% during the period during which the Company may incur borrowings and 3.50% after such period. Interest is payable at the end of each interest period that the Company may elect as a term of either one, two or three months.

The borrower under the Aggregation Facility is Vivint Solar Financing I, LLC, one of the Company's indirect wholly owned subsidiaries, which in turn holds the Company's interests in the managing members in the Company's existing investment funds. These managing members guarantee the borrower's obligations under the Aggregation Facility. In addition, Vivint Solar Financing I Parent, LLC, has pledged its interests in the borrower, and the borrower has pledged its interests in the guarantors as security for the borrower's obligations under the Aggregation Facility. The related solar energy systems are not subject to any security interest of the lenders, and there is no recourse to the Company in the case of a default.

The Aggregation Facility includes customary covenants, including covenants that restrict, subject to certain exceptions, the borrower's, and the guarantors' ability to incur indebtedness, incur liens, make investments, make fundamental changes to their business, dispose of assets, make certain types of restricted payments or enter into certain related party transactions. Among other restrictions, the Aggregation Facility provides that the borrower may not incur any indebtedness other than that related to the Aggregation Facility or in respect of permitted swap agreements, and that the guarantors may not incur any indebtedness other than that related to the Aggregation Facility or as permitted under existing investment fund transaction documents. These restrictions do not impact the Company's ability to enter into investment funds, including those that are similar to those entered into previously. As of September 30, 2016, the Company was in compliance with such covenants. Previously, the Company was required to obtain an interest rate hedge by September 13, 2016. As of September 30, 2016, the Company is now required to obtain the interest rate hedge by January 16, 2017, and no interest rate hedge has been entered into for this facility.

The Aggregation Facility also contains certain customary events of default. If an event of default occurs, lenders under the Aggregation Facility will be entitled to take various actions, including the acceleration of amounts due under the Aggregation Facility and foreclosure on the interests of the borrower and the guarantors that have been pledged to the lenders.

Interest expense was approximately $ 3.0 million and $ 2.6 million for the three months ended September 30, 2016 and 2015 . Interest expense was approximately $ 11.2 million and $ 7.0 million for the nine months ended September 30, 2016 and 2015 . As of September 30, 2016 , the current portion of debt issuance costs of $ 4.0 million was recorded in prepaid expenses and other current assets, and the long-term portion of debt issuance costs of $ 1.9 million was recorded in other non-curren t assets, net in the condensed consolidated balance sheet. In addition, a $ 3.0 million interest reserve amount was deposited in an interest reserve account with the administrative agent and is included in restricted cash and cash equivalents. The interest reserve increases as borrowings increase under the Aggregation Facility.

Working Capital Credit Facility

In March 2015, the Company entered into a revolving credit agreement (the "Working Capital Facility") pursuant to which the Company may borrow up to an aggregate principal amount of $150.0 million from certain financial institutions for which Goldman Sachs Lending Partners LLC is acting as administrative agent and collateral agent. Loans under the Working Capital Facility will be used to pay for the costs incurred in connection with the design and construction of solar energy systems, and letters of credit may be issued for working capital and general corporate purposes. In addition to the outstanding borrowings as of September 30, 2016, the Company had established letters of credit under the Working Capital Facility for up to $7.4 million related to insurance contracts.

T he Company has pledged the interests in the assets of the Company and its subsidiaries, excluding the Company's existing investment funds, their managing members, the Term Loan Facility, the Subordinated HoldCo Facility, the Aggregation Facility and Solmetric Corporation, as security for its obligations under the Working Capital Facility. Prepayments are permitted under the Working Capital Facility, and the principal and accrued interest on any outstanding loans mature in March 2020. Interest accrues on borrowings at a floating rate equal to, dependent on the type of borrowing, (1) a rate equal to the Eurodollar Rate for the interest period divided by one minus the Eurodollar Reserve Percentage, plus a margin of 3.25%; or (2) the highest of (a) the Federal Funds Rate plus 0.50%, (b) the Citibank prime rate and (c) the one-month interest period Eurodollar rate plus 1.00%, plus a margin of 2.25%. Interest is payable dependent on the type of borrowing at the end of (1) the interest period that the Company may elect as a term and not to exceed three months, (2) quarterly or (3) at maturity of the Working Capital Facility.

The Working Capital Facility includes customary 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. Among other restrictions, the Working Capital Facility provides that the Company may not incur any indebtedness other than that related to the Working Capital Facility or permitted swap agreements. 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 is also required to maintain $25.0 million in cash and cash equivalents and certain investments as of the last day of each quarter. As of September 30, 2016, the Company was in compliance with such covenants.

The Working Capital Facility also contains certain customary events of default. If an event of default occurs, lenders under the Working Capital Facility will be entitled to take various actions, including the acceleration of amounts then outstanding.

Interest expense for this facility was approximately $1.4 million and $0.7 million for the three months ended September 30, 2016 and 2015. Interest expense was approximately $4.4 million and $1.1 million for the nine months ended September 30, 2016 and 2015. As of September 30, 2016, the current portion of debt issuance costs of $0.5 million was recorded in prepaid expenses and other current assets, and the long-term portion of debt issuance costs of $1.4 million was recorded in other non-current assets, net in the condensed consolidated balance sheet.

Credit Agreement

In February 2016, a subsidiary of the Company entered into a credit agreement (the "Credit Agreement") pursuant to which Goldman Sachs, through GSUIG Real Estate Member LLC, committed to lend an aggregate principal amount of $3.0 million. Proceeds from the Credit Agreement are to be used for the deployment of certain solar energy systems. Quarterly payments of principal and interest are due over a seven year term. The seven year term begins after the final completion date of the underlying solar energy systems. Interest accrues on borrowings at a rate of 6.50%. The repayment term had not yet begun as of September 30, 2016. Interest expense under the Credit Agreement was de minimis for the three and nine months ended September 30, 2016. No interest expense was recorded for the three and nine months ended September 30, 2015.

Interest Expense and Amortization of Debt Issuance Costs

For the three months ended September 30, 2016 and 2015, total interest expense incurred under all debt obligations was approximately $9.2 million and $3.3 million, of which $1.8 million and $0.9 million was amortization of debt issuance costs. For the nine months ended September 30, 2016 and 2015, total interest expense incurred under all debt obligations was approximately $22.2 million and $8.1 million, of which $4.5 million and $2.6 million was amortization of debt issuance costs.

11 .Derivative Financial Instruments

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

	September 30, 2016	
	Fair Value	Balance Sheet Location
Asset derivatives designated as hedging instruments:		
Interest rate swap	$ 973	Other non-current assets
Total derivatives	$ 973	

The Company is exposed to interest rate risk relating to its outstanding debt facilities which have variable interest rates. In connection with closing the Term Loan Facility in August 2016, the Company entered into an interest rate swap with a notional amount of $270.0 million to offset changes in the variable interest rate for a portion of the Company's LIBOR-indexed floating-rate loans. The notional amount of the interest rate swap decreases through July 31, 2028 to match the Company's estimated quarterly principal payments on its loans through that date. The Company had no other derivative financial instruments prior to entering into this interest rate swap. The Company records derivatives in the condensed consolidated balance sheets at fair value.

The interest rate swap is designated as a cash flow hedge. The amount of accumulated other comprehensive income expected to be reclassified to interest expense within the next 12 months is approximately $0.9 million. The Company will discontinue the hedge accounting designation of this derivative if the payment schedule of the Term Loan Facility is accelerated and the derivative becomes less than highly effective.

The effect of derivative financial instruments on the condensed consolidated statements of comprehensive income and the condensed consolidated statements of operations, before tax effect, consisted of the following (in thousands):

	Three and Nine Months Ended September 30,		
	2016	2015	Location of Gain
Gain recognized in OCI - effective portion:			
Interest rate swap	$ 715	$ —	
Total	$ 715	$ —	
Gain recognized in income - ineffective portion:			
Interest rate swap	$ 258	$ —	Other income
Total	$ 258	$ —	

12 . Investment Funds

As of September 30, 2016, the Company had 17 investment funds for the purpose of funding the purchase of solar energy systems. 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):

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 22,149	$ 12,014
Accounts receivable, net	7,781	3,063
Prepaid expenses and other current assets	1,118	121
Total current assets	31,048	15,198
Solar energy systems, net	1,244,876	990,609
Other non-current assets, net	1,459	18
Total assets	$ 1,277,383	$ 1,005,825
Liabilities		
Current liabilities:		
Distributions payable to non-controlling interests and redeemable non-controlling interests	$ 16,439	$ 11,347
Current portion of deferred revenue	8,145	4,824
Accrued and other current liabilities	6,690	3,869
Total current liabilities	31,274	20,040
Deferred revenue, net of current portion	36,505	43,094
Other non-current liabilities	1,710	3,283
Total liabilities	$ 69,489	$ 66,417

Residential Investment Funds

As of September 30, 2016, the Company had 17 residential investment funds. 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 September 30, 2016 and December 31, 2015, the cumulative total of contributions into the VIEs by all investors was $1,009.6 million and $773.0 million. Of these contributions, a cumulative total of $110.0 million was contributed by related parties in prior periods.

Lease Pass-Through Financing Obligation

In June 2015, a wholly owned subsidiary of the Company entered into a lease pass-through fund arrangement that became operational in July 2015. Under the agreement, the Company contributes solar energy systems and the investor contributes cash. The net carrying value of the related solar energy systems was $63.3 million and $64.7 million as of September 30, 2016 and December 31, 2015.

Under the arrangement, the fund investor makes a large upfront payment to the Company's subsidiary and subsequent periodic payments. The Company allocates a portion of the aggregate payments received from the fund investor to the estimated fair value of assigned ITCs, and the balance to the future customer lease payments that are also assigned to the investor. The fair value of the ITCs is estimated by multiplying the ITC rate of 30% by the fair value of the systems that are sold to the lease pass-through fund. The Company's subsidiary has an obligation to ensure the solar energy system is in service and operational for a term of five years to avoid any recapture of the ITCs. Accordingly, the Company recognizes revenue as the recapture provisions lapse assuming all other revenue recognition criteria have been met. The unrecognized revenue allocated to ITCs is recorded as deferred revenue in the condensed consolidated balance sheets.

The Company accounts for the residual of the payments received from the fund investor, net of amounts allocated to ITCs, as a borrowing by recording the proceeds received as a lease pass-through financing obligation, which will be repaid through customer p ayments 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 rec eived by the lessor 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.

As of September 30, 2016 and December 31, 2015, the Company had recorded financing liabilities of $43.6 million and $47.3 million related to this fund arrangement, of which $37.1 million and $40.1 million was deferred revenue and $6.5 million and $7.2 million was the lease pass-through financing obligation recorded in other liabilities.

Guarantees

With respect to the investment funds, the Company and the fund investors have entered into guaranty agreements under which the Company guarantees the performance of certain financial obligations of its subsidiaries to the investment funds. These guarantees do not result in the Company being required to make payments to the fund investors unless such payments are mandated by the investment fund governing documents and the investment fund fails to make such payment. 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 investment tax credits.

From time to time, the Company incurs penalties for non-performance, which non-performance may include 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. The Company paid a fee of $1.0 million to terminate and release any and all claims related to its C&I investment fund during the nine months ended September 30, 2016 . As of September 30, 2016 and December 31, 2015, the Company had accrued $8.9 million and $5.2 million in potential distributions to reimburse fund investors a portion of their upfront lease payments and capital contributions in order to true-up the investors' expected rate of return primarily due to delays in solar energy systems being interconnected to the power grid.

As a result of the guaranty arrangements in certain funds, the Company was required to hold a minimum cash balance of $10.0 million as of September 30, 2016 and December 31, 2015, which is classified as restricted cash and cash equivalents on the condensed consolidated balance sheets.

13 .Redeemable Non-Controlling Interests and Equity

Common Stock

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

	September 30, 2016	December 31, 2015
Shares available for grant under equity incentive plans	10,131	12,267
Restricted stock units issued and outstanding	7,791	930
Stock options issued and outstanding	6,198	9,277
Long-term incentive plan	2,706	3,382
Total	26,826	25,856

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

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

Balance as of December 31, 2015	$	169,541
Contributions from redeemable non-controlling interests		42,803
Distributions to redeemable non-controlling interests		(6,612)
Net loss		(67,801)
Balance as of September 30, 2016	$	137,931

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

	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance as of December 31, 2015	$ 518,943	$ 90,309	$ 609,252
Stock-based compensation expense	6,145	—	6,145
Excess tax effects from stock-based compensation	(1,280)	—	(1,280)
Issuance of common stock	2,645	—	2,645
Contributions from non-controlling interests	—	194,345	194,345
Distributions to non-controlling interests	—	(20,710)	(20,710)
Change in comprehensive income	429	—	429
Net loss	(2,152)	(127,177)	(129,329)
Balance as of September 30, 2016	$ 524,730	$ 136,767	$ 661,497

Non-Controlling Interests and Redeemable Non-Controlling Interests

Six of the investment funds include a right for the non-controlling interest holder to elect to require the Company's wholly owned subsidiary to purchase all of its membership interests in the fund after a stated period of time (each, a "Put Option"). In one of the investment funds, the Company's wholly owned subsidiary has the right to elect to require the non-controlling interest holder to sell all of its membership units to the Company's wholly owned subsidiary (a "Call Option") after the expiration of the non-controlling interest holder's Put Option. In the five other investment funds that have Put Options, the Company's wholly owned subsidiary has a Call Option for a stated period prior to the effectiveness of the Put Option. In ten other investment funds there is a Call Option which is exercisable after a stated period of time. One investment fund has neither a Put Option nor a Call Option.

The purchase price for the fund investor's interest in the six 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 $0.7 million to $4.1 million. The Put Options for these six investment funds are exercisable beginning on the date that specified conditions are met for each respective fund. None of the Put Options are expected to become exercisable prior to 2019.

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 reported using the greater of their carrying value at each reporting date (which is impacted by attribution under the hypothetical liquidation at book value method) or their estimated redemption value in each reporting period. The carrying values of redeemable non-controlling interests at September 30, 2016 and December 31, 2015 were greater than or equal to the redemption values.

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 $0.7 million to $7.0 million, the fair market value of such interest at the time the option is exercised, or an amount that causes the fund investor to achieve a specified return on investment. The Call Options are exercisable beginning on the date that specified conditions are met for each respective fund. None of the Call Options are expected to become exercisable prior to 2019.

14 .Equity Compensation Plans

Equity Incentive Plans

2014 Equity Incentive Plan

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

As of September 30, 2016, a total of 10.1 million shares of common stock are available to grant under the 2014 plan, subject to adjustment in the case of certain events. In addition, any shares that otherwise would be returned to the Omnibus Plan (as defined below) as the result of the expiration or termination of stock options may be added to the 2014 Plan. 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 4.3 million shares became available to grant at the beginning of 2016 under the 2014 Plan.

As of September 30, 2016 , there were 0.2 million time-based stock options, 6.0 million restricted stock units ("RSUs"), and 1.8 million performance share units ("PSUs") outstanding under the 2014 Plan. The time-based options are subj ect to ratable time-based vesting over three to four years. The RSUs are subject to ratable time-based vesting over one to four years. The PSUs vest quarterly or annually over one to four years subject to individual participants' achievement of respective quarterly or annual performance goals.

2013 Omnibus Incentive Plan; Non-plan Option Grant

The Company's 2013 Omnibus Incentive Plan (the "Omnibus Plan") was terminated in connection with the adoption of the 2014 Plan in September 2014, and accordingly no additional shares are available for grant under the Omnibus Plan. The Omnibus Plan will continue to govern outstanding awards granted under the plan.

During 2014 and 2013, the Company granted stock options of which one-third are subject to ratable time-based vesting over a five year period and two-thirds are subject to vesting upon certain performance conditions and the achievement of certain investment return thresholds by 313 Acquisition LLC, a subsidiary of the Company's Sponsor. Certain of the performance options were modified as described in the section captioned "Equity Award Modifications". The stock options have a ten-year contractual period.

Long-term Incentive Plan

In July 2013, the Company's board of directors approved 4.1 million shares of common stock for six Long-term Incentive Plan Pools ("LTIP Pools") that comprise the 2013 Long-term Incentive Plan (the "LTIP"). The purpose of the LTIP is to attract and retain key service providers and strengthen their commitment to the Company by providing incentive compensation measured by reference to the value of the shares of the Company's common stock. Eligible participants include nonemployee direct sales personnel who sell the solar energy system contracts, employees that install and maintain the solar energy systems and employees that recruit new employees to the Company.

As of September 30, 2016, 1.1 million shares of common stock had been awarded to participants under the LTIP. As of September 30, 2016, 2.7 million shares remained outstanding, as 0.3 million shares represented the exercise price that were returned to the 2014 Plan.

Equity Award Modifications

Former CEO Resignation

On May 2, 2016, the Company accepted the resignation of its former CEO. Pursuant to a separation agreement, the Company accelerated the vesting of 0.2 million of the former CEO's stock options. Further, all of the CEO's vested stock options were modified such that they will remain exercisable until the third anniversary of his termination date. As a result of these modifications, the Company recorded incremental stock-based compensation expense of $0.7 million during the nine months ended September 30, 2016.

Interim CEO Equity Awards

On May 2, 2016, the Company appointed an interim CEO. In connection with his appointment, the interim CEO was awarded 1.0 million stock options pursuant to the 2014 Plan. The stock options vest on the first anniversary of his start date, or, if earlier, on the date on which a successor CEO is appointed. On May 11, 2016, the Company cancelled such stock options and granted the interim CEO 0.5 million RSUs which vest on the first anniversary of his start date, or, if earlier, on the date on which a successor CEO is appointed. This was accounted for as a modification; however, there was no incremental value arising from the modification.

Omnibus Plan Performance Options

In May 2016, the Company modified the unvested Omnibus Plan performance options (the "Tier II Options"). The modified Tier II Options vest annually over three years with the first vesting date occurring in May 2017. The original performance condition for the Tier II Options remains in effect and will trigger immediate vesting of the Tier II Options if it is met prior to the three year time-based vesting period. Due to the modification, the Company now considers the Tier II Options to be time-based options. Additionally, the Company will record incremental stock-based compensation expense of approximately $1.5 million over the three year time-based vesting period, subject to immediate acceleration if the performance condition is met prior to the three year time-based vesting period.

Stock Options

Stock Option Activity

Stock options are granted under the 2014 Plan and Omnibus Plan as described above. Stock option activity for the nine months ended September 30, 2016 was as follows (in thousands, except term and per share amounts):

	Shares Underlying Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding—December 31, 2015	9,277	$ 1.36		$ 76,488
Granted	1,078	3.21		
Exercised	(2,415)	1.08		
Cancelled	(1,742)	2.69		
Outstanding—September 30, 2016	6,198	$ 1.41	6.5	$ 11,922
Options vested and exercisable—September 30, 2016	1,996	$ 1.51	6.5	$ 3,766
Options vested and expected to vest—September 30, 2016	3,751	$ 1.52	6.8	$ 7,078

The weighted-average grant date fair value of time-based stock options granted during the nine months ended September 30, 2016 and 2015 was $2.23 and $9.39 per share. No performance-based stock options were granted during the nine months ended September 30, 2016 and 2015. The total intrinsic value of options exercised for the nine months ended September 30, 2016 and 2015 was $5.0 million and $7.4 million. Intrinsic value is calculated as the difference between the exercise price of the underlying stock options and the fair value of the common stock for the options that had exercise prices that were lower than the fair value per share of the common stock.

The total fair value of stock options vested for the nine months ended September 30, 2016 and 2015 was $1.0 million and $14.1 million.

Determination of Fair Value of Stock Options

The Company estimates the fair value of the time-based stock options granted on each grant date using the Black-Scholes-Merton option pricing model and applies the accelerated attribution method for expense recognition. The fair values using the Black-Scholes-Merton method were estimated on each grant date using the following weighted-average assumptions:

	Nine Months Ended September 30,	
	2016	2015
Expected term (in years)	5.5	6.2
Volatility	84.9%	89.0%
Risk-free interest rate	1.4%	1.8%
Dividend yield	0.0%	0.0%

Restricted Stock Units

RSUs are granted under the 2014 Plan and the LTIP as described above. RSU activity for the nine months ended September 30, 2016 was as follows (awards in thousands):

	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2015	930	$ 12.84
Granted	8,588	2.66
Vested	(877)	6.83
Forfeited	(850)	4.16
Outstanding at September 30, 2016	7,791	$ 3.25

The total fair value of RSUs vested was $3.1 million and $8.7 million for the nine months ended September 30, 2016 and 2015. The Company determines the fair value of RSUs granted on each grant date based on the fair value of the Company's common stock on the grant date.

Stock-Based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Cost of revenue	$ 877	$ 181	$ 1,817	$ 2,754
Sales and marketing	860	751	2,473	10,054
General and administrative	1,940	1,512	2,493	10,122
Research and development	1	152	(638)	276
Total stock-based compensation	$ 3,678	$ 2,596	$ 6,145	$ 23,206

During the nine months ended September 30, 2016, several of the Company's senior management, including the Company's former CEO, left the Company. The Company reversed all stock-based compensation expense for awards that were forfeited by the terminated employees, which reduced stock-based compensation expense for the nine months ended September 30, 2016 below historical levels. As a result of these and other terminations, the Company increased its forfeiture rate during the nine months ended September 30, 2016, which is reflected in stock-based compensation expense for the three and nine months ended September 30, 2016.

Unrecognized stock-based compensation expense, net of estimated forfeitures, for time-based stock options, RSUs and PSUs as of September 30, 2016 was as follows (in thousands, except years):

	Unrecognized Stock-Based Compensation Expense	Weighted-Average Period of Recognition
Time-based stock options	$ 2,171	2.5
RSUs and PSUs	16,186	1.7
Total unrecognized stock-based compensation expense as of September 30, 2016	$ 18,357	

15 .Income Taxes

The income tax expense for the three months ended September 30, 2016 and 2015 was calculated on a discrete basis resulting in a consolidated quarterly effective income tax rate of 7.0% and 12.9%. For the nine months ended September 30, 2016 and 2015, the Company's consolidated effective income rate was (5.5)% and (8.7)%. The variations between the consolidated effective income tax rate and the U.S. federal statutory rate for the three and nine months ended September 30, 2016 were primarily attributable to the effect of non-controlling interests and redeemable non-controlling interests, federal investment tax credits, amortization of the prepaid tax asset, and for the nine months ended September 30, 2016, the goodwill impairment charge. The variations between the consolidated effective income tax rate and the U.S. federal statutory rate for the three and nine months ended September 30, 2015 were primarily attributable to the effect of non-controlling interests and redeemable non-controlling interests.

The Company sells solar energy systems to the investment funds for income tax purposes. As the investment funds are consolidated by the Company, the gain on the sale of the solar energy systems is not recognized in the condensed consolidated financial statements. However, this gain is recognized for tax reporting purposes. Since these transactions are intercompany sales for GAAP purposes, any tax expense incurred related to these intercompany sales is deferred and amortized over the estimated useful life of the underlying solar energy systems, which has been estimated to be 30 years. Accordingly, the Company has recorded a prepaid tax asset, net, of $399.8 million and $277.5 million as of September 30, 2016 and December 31, 2015.

Uncertain Tax Positions

As of September 30, 2016 and December 31, 2015, the Company had no unrecognized tax benefits. There was no interest and penalties accrued for any uncertain tax positions as of September 30, 2016 and December 31, 2015. The Company does not have any tax positions for which it is reasonably possible the total amount of gross unrecognized benefits will increase or decrease within the next 12 months. The Company is subject to taxation and files income tax returns in the United States, and various state and local jurisdictions. Due to the Company's net losses, substantially all of its federal, state and local income tax returns since inception are still subject to audit.

16 .Related Party Transactions

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Cost of revenue—operating leases and incentives	$ 661	$ 1,447	$ 2,677	$ 4,376
Sales and marketing	711	328	1,807	1,589
General and administrative	107	211	388	5,013

Vivint Services

The Company has negotiated and entered into a number of agreements with its sister company, APX Group, Inc. ("Vivint"), related to services and other support that Vivint provides to the Company. Under the terms of these agreements, Vivint primarily provides the Company with information technology and infrastructure and certain other services. The Company incurred fees under these agreements of $0.8 million and $1.8 million for the three months ended September 30, 2016 and 2015, which reflect the amount of services provided by Vivint on behalf of the Company. The Company incurred fees under these agreements of $3.2 million and $5.3 million for the nine months ended September 30, 2016 and 2015.

Payables to Vivint recorded in accounts payable—related party were $0.4 million and $1.9 million as of September 30, 2016 and December 31, 2015. These payables include amounts due to Vivint related to the services agreements and other miscellaneous intercompany payables.

Advances Receivable — Related Party

Net amounts due from direct-sales personnel were $3.6 million and $2.9 million as of September 30, 2016 and December 31, 2015. The Company provided a reserve of $1.3 million and $0.7 million as of September 30, 2016 and December 31, 2015 related to advances to direct-sales personnel who have terminated their employment agreement with the Company.

Investment Funds

Fund investors for three of the investment funds are indirectly managed by the Sponsor and accordingly are considered related parties. The Company accrued equity distributions to these entities of $1.8 million and $1.7 million as of September 30, 2016 and December 31, 2015, included in distributions payable to non-controlling and redeemable non-controlling interests. See Note 12—Investment Funds. The Company also has a Backup Maintenance Servicing Agreement with Vivint in which Vivint will provide maintenance servicing of a fund in the event that the Company is removed as the service provider for the fund. No services have been performed by Vivint under this agreement. An unrelated provider has agreed to perform backup maintenance services for all other funds.

17 . Commitments and Contingencies

Non-Cancellable Operating Leases

The Company has entered into operating lease agreements for corporate and operating facilities, warehouses and related equipment in states in which the Company conducts operations. The aggregate expense incurred under these operating leases was $4.5 million and $3.0 million for the three months ended September 30, 2016 and 2015. The aggregate expense incurred under these operating leases was $13.1 million and $9.4 million for the nine months ended September 30, 2016 and 2015.

Build-to-Suit Lease Arrangements

In September 2014, the Company entered into a non-cancellable lease whereby the Company would terminate the current lease for its corporate headquarters in Lehi, UT and move into another building (the "New Headquarters") that was being constructed in the same general location. Because of its involvement in certain aspects of the construction of the New Headquarters per the terms of the lease, t he Company was deemed the owner of the building for accounting purposes during the construction period. Accordingly, the Company recorded a build-to-suit lease asset and corresponding build-to-suit lease liabilities during the construction period.

In May 2016, construction on the New Headquarters was completed and the Company commenced occupancy. The building qualified for sale-leaseback treatment as the Company determined the lease to be a normal leaseback, payment terms indicated the landlord has continuing investment in the property and the payment terms transferred the risks and rewards of ownership to the landlord. As such, the Company removed the build-to-suit lease asset and liabilities from its condensed consolidated balance sheet in the second quarter of 2016. The New Headquarters lease is classified and accounted for as a non-cancellable operating lease.

Letters of Credit

During the nine months ended September 30, 2016, the Company fulfilled its obligations under a forward contract to sell SRECs entered into in November 2013. As a result, the related $ 1.8 million stand-by letter of credit that was outstanding at December 31, 2015 was cancelled and the corresponding time deposit was released during the nine months ended September 30, 2016.

As of September 30, 2016, the Company had established letters of credit under the Working Capital Facility for up to $7.4 million related to insurance contracts and under the Term Loan Facility for up to $13.0 million related to the debt service reserve for the Term Loan Facility.

Indemnification Obligations

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

Legal Proceedings

In September 2014, two former installation technicians of the Company, on behalf of themselves and a purported class, filed a complaint for damages, injunctive relief and restitution in the Superior Court of the State of California in and for the County of San Diego against the Company and unnamed John Doe defendants. The complaint alleges certain violations of the California Labor Code and the California Business and Professions Code based on, among other things, alleged improper classification of installer technicians, installer helpers, electrician technicians and electrician helpers, failure to pay minimum and overtime wages, failure to provide accurate itemized wage statements, and failure to provide wages on termination. In December 2014, the original plaintiffs and three additional plaintiffs filed an amended complaint with essentially the same allegations. On November 5, 2015, the parties agreed to preliminary terms of a settlement of all claims related to allegations in the complaint in return for the Company's payment of $1.7 million to be paid out to the purported class members, which was accrued at that time. The Court gave final approval to the settlement on September 30, 2016. On October 7, 2016, the Company made payment of the $1.7 million gross settlement fund to the settlement claim administrator.

In November and December 2014, two putative class action lawsuits were filed in the U.S. District Court for the Southern District of New York against the Company, its directors, certain of its officers and the underwriters of the Company's initial public offering of common stock alleging violation of securities laws and seeking unspecified damages. In January 2015, the Court ordered these cases to be consolidated into the earlier filed case, *Hyatt v. Vivint Solar, Inc. et al.* , 14-cv-9283 (KBF). The plaintiffs filed a consolidated amended complaint in February 2015. On May 6, 2015, the Company filed a motion to dismiss the complaint and on December 10, 2015, the Court issued an Opinion and Order dismissing the complaint with prejudice. On January 5, 2016, the plaintiffs filed a Notice of Appeal to the Second Circuit Court of Appeals. On August 25, 2016, the Court of Appeals heard oral arguments on the appeal. The Company is unable to estimate a range of loss, if any, that could result were there to be an adverse final decision. If an unfavorable outcome were to occur in this case, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

On September 9, 2015, two of the Company's customers, on behalf of themselves and a purported class, named the Company in a putative class action, Case No. BCV-15-100925(Cal. Super. Ct., Kern County), alleging violation of California Business and Professional Code Section 17200 and requesting relief pursuant to Section 1689 of the California Civil Code. The complaint seeks: (1) rescission of their power purchase agreements along with restitution to the plaintiffs individually and (2) declarato ry and injunctive relief. On October 16, 2015, the Company moved to compel arbitration of the plaintiffs' claims pursuant to the provisions set forth in the power purchase agreements, which the Court granted and dismissed the class claims without prejudice . Plaintiffs have appealed the Court's order. It is not possible to estimate the amount or range of potential loss, if any, at this time.

On March 8, 2016, the Company filed suit in the Court of Chancery State of Delaware against SunEdison and SEV Merger Sub Inc. alleging that SunEdison willfully breached its obligations under the Merger Agreement pursuant to which the Company was to be acquired and breached its implied covenant of good faith and fair dealing. The Company is seeking declaratory judgment, award damages, costs and reasonable attorney's fees and such further relief that the court finds equitable, appropriate and just. On April 21, 2016, SunEdison filed for Chapter 11 bankruptcy, thereby creating a temporary stay on the prosecution of the Company's litigation in the Delaware court. On July 7, 2016, the Company filed a motion with the bankruptcy court seeking to lift the stay and allow the Company to litigate its claim against SunEdison. On September 13, 2016, the bankruptcy court denied the Company's motion to lift the stay, effectively requiring that the Company's claim be litigated in the bankruptcy proceeding. On September 22, 2016, the Company submitted a proof of claim in the bankruptcy case for an unsecured claim in the amount of $1.0 billion. The Company is participating in the bankruptcy case so as to maximize the recovery from the claims against SunEdison.

In March 2016, a civil complaint was filed against the Company alleging negligence and related claims arising from damage to a customer's residence. In June 2016, the Company reached agreement between the Company, the plaintiffs and the Company's liability insurance provider to participate in an arbitration proceeding that will determine the extent of the damages – with a minimum amount set at $1.0 million and a maximum amount set at $3.0 million. Based on the above agreement, a $1.0 million reserve was recorded related to this matter in the Company's condensed consolidated financial statements. The arbitration hearing was held in September 2016, but the arbitrator has not yet issued a decision. The Company anticipates that the entirety of any damage award will be satisfied by its liability insurance provider and a related $1.0 million receivable was recorded in its condensed consolidated financial statements.

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

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

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

The following table sets forth the computation of the Company's basic and diluted net income available (loss attributable) per share to common stockholders for the three and nine months ended September 30, 2016 and 2015 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net income available (loss attributable) to common stockholders	$ 16,696	$ 468	$ (2,152)	$ 26,270
Denominator:				
Shares used in computing net income available (loss attributable) per share to common stockholders, basic	108,692	106,492	107,516	105,932
Weighted-average effect of potentially dilutive shares to purchase common stock	4,652	3,731	—	3,762
Shares used in computing net income available (loss attributable) per share to common stockholders, diluted	113,344	110,223	107,516	109,694
Net income available (loss attributable) per share to common stockholders:				
Basic	$ 0.15	$ 0.00	$ (0.02)	$ 0.25
Diluted	$ 0.15	$ 0.00	$ (0.02)	$ 0.24

In May 2016, the Company modified the unvested performance stock options to vest annually over three years with the first vesting date occurring in May 2017. See Note 14—Equity Compensation Plans. As such, all stock options were considered in the computation of diluted net income (loss) per share on a weighted-average basis as of September 30, 2016. For the three months ended September 30, 2016, 0.3 million shares were excluded from the dilutive share calculations as the effect on net income per share would have been anti-dilutive. For the nine months ended September 30, 2016, the Company incurred a net loss attributable to common stockholders. As such, the potentially dilutive shares were anti-dilutive and were not considered in the weighted-average number of common shares outstanding for the period. For the three and nine months ended September 30, 2015, a de minimis number of shares were excluded from the dilutive share calculations as the effect on net income per share would have been anti-dilutive.

As of September 30, 2015, stock-based awards for 3.4 million underlying shares of common stock were subject to performance conditions that had not yet been met. Accordingly, these performance-based stock awards were not included in the computation of diluted net income per share for the three and nine months ended September 30, 2015. In addition, awards remaining to be granted under the LTIP Pools were not included in the computation of diluted net income per share as these shares had not been granted as of September 30, 2016 and 2015.

19 .Segment Information

From the second quarter of 2015 through the second quarter of 2016, the Company had aligned its operations as two reporting segments, (1) Residential and (2) C&I, as the result of entering into a C&I investment fund with plans to service customers in the C&I market. During that time, no projects were initiated within the fund and no revenue was recorded in the C&I segment. In June 2016, the Company ended its C&I investment fund and settled with a $1.0 million termination fee. As a result of this termination, the Company realigned and consolidated its reporting segments as the Residential segment, which is now the Company's only reporting segment. No restatement of prior periods is necessary, as the restated prior periods are the previously disclosed condensed consolidated statements of operations for quarterly reporting.

Operating expenses in the C&I segment included sales and marketing and general and administrative. For the nine months ended September 30, 2016, sales and marketing expense was $0.3 million. For the nine months ended September 30, 2016, general and administrative expense was $1.5 million. The Company did not have any assets or liabilities associated with the C&I fund. For additional information regarding the termination of the C&I investment fund, see Note 12—Investment Funds.

20. Subsequent Events

Investment Funds

In November 2016, two wholly owned subsidiaries of the Company entered into separate solar investment fund arrangements with existing fund investors. The commitments under the investment fund arrangements total $100.0 million. The Company's wholly owned subsidiaries have the right to elect to require the fund investors to sell all of their membership units to the Company's wholly owned subsidiaries beginning on the date that certain conditions are met. The purchase prices for the fund investors' interests are determined based on the fair market values of those interests at the time the options are exercised. The Company has not yet completed its assessment of whether the investment fund arrangements are VIEs.

In November 2016, the Company also entered into a commitment letter with an existing fund investor for an additional $100.0 million fund arrangement. The fund investor's obligations under the commitment letter are subject to the satisfaction of certain conditions. If the commitment is consummated, the Company will assess whether the investment fund arrangement is a VIE.

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

Forward-Looking Statements

This section should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in Part 1, Item 1 of this report. This discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may," "seek" and other similar expressions. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements.

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

- federal, state and local regulations and policies governing the electric utility industry;
- the regulatory regime for our offerings and for third-party owned solar energy systems;
- technical limitations imposed by operators of the power grid;
- the continuation of tax rebates, credits and incentives, including changes to the rates of the income tax credit, or ITC, beginning in 2020;
- the price of utility-generated electricity and electricity from other sources;
- our ability to finance the installation of solar energy systems;
- our ability to efficiently install and interconnect solar energy systems to the power grid;
- our ability to sustain and manage growth while reducing and managing 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 APX Group, Inc., or Vivint, and The Blackstone Group L.P., our sponsor;
- our ability to manage our supply chain;
- the cost of solar panels and the residual value of solar panels after the expiration of our customer contracts;
- the course and outcome of litigation and other disputes;
- our ability to maintain our brand and protect our intellectual property; and
- our expectation regarding remediation of the material weakness in our internal control over financial reporting.

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

Overview

We primarily offer distributed solar energy to residential customers based on long-term contracts at prices below their current utility rates. Our customer focus, neighborhood-driven direct-to-home sales model, brand and operational efficiency have driven our growth in solar energy installations. 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.

We sell the electricity that our solar energy systems produce through long-term power purchase agreements ("PPAs") or lease solar energy systems through long-term leases ("Solar Leases") . We also offer our customers the option to purchase solar energy systems through a third-party loan offering or cash purchase , which we anticipate becoming an increasingly significant portion of our business . Under either PPA or Solar Lease customer contra ct s , we install our solar energy system at our customer's home and bill the customer monthly. Since the second quarter of 2016, we have been more selective in our installation policies to increase incremental value by limiting the installation of smaller s ystem sizes and limi ti ng installations on certain roof types. We continue to review installation policies as our processes become more efficient and power rates increase. In the PPA structure, we charge customers a fee per kilowatt hour based on the amount of electricity the solar energy system actually produces. In the Solar Lease structure, the customer's monthly payment is fixed based on a calculation that takes into account expected solar energy generation. We provide our Solar Lease customers a perform ance guarantee, under which we agree to make a payment at the end of each year to the customer if the solar energy system does not meet the guaranteed production level in the prior 12-month period. The PPA and Solar Lease terms are typically for 20 years, and virtually all the prices that we charge to our customers are subject to pre-determined annual fixed percentage price escalations as specified in the customer contract. We do not believe that either PPA or Solar Lease contract s are materially more advan tageous to us than the other.

We primarily compete with traditional utilities with our PPAs and Solar Leases. In the markets we serve, our strategy is to price the energy we sell below prevailing retail electricity rates. As a result, the price our customers pay to buy energy from us varies depending on the state where the customer is located and the local traditional utility. In markets that are also served by other distributed solar energy system providers, the price we charge also depends on customer price sensitivity, the need to offer a compelling financial benefit and the price other solar energy companies charge in the region. Since the second quarter of 2016, we have also changed our pricing in certain markets to maximize returns on investment. We primarily compete with other distributed solar energy system providers for systems we sell to customers, on the basis of price, service and availability of financing options. We continue to evaluate our pricing in all markets on a quarterly basis and make adjustments to optimize our use of capital based on market conditions and utility rates. In addition, we are working on developing a joint lead generation program with our sister company Vivint with the goal of driving additional growth.

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 investment tax credits, accelerated tax depreciation and other incentives related to the solar energy systems through structured investments known as "tax equity." As of October 31, 2016, we had raised 17 residential investment funds to which investors such as banks and other large financial investors have committed to invest approximately $1.1 billion, which will enable us to install solar energy systems of total fair market value approximating $2.8 billion. As of October 31, 2016, we had residential tax equity commitments to fund approximately 4 megawatts of future deployments, which we estimate to be sufficient to fund solar energy systems with a total fair market value of approximately $15 million. 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. For additional information, see "—Recent Developments." Given our tax equity pipeline during the third quarter of 2016, we financed a greater portion of our solar energy systems with debt. Although we have secured commitments for additional tax equity, the timing of such financing impacted our activities in the third quarter. As a result, we expect megawatts installed in the fourth quarter of 2016 and potential early 2017 will be adversely affected.

Our investment funds have adopted the partnership flip, inverted lease or lease pass-through structures. Our partnership flip and inverted lease investment funds are considered variable interest entities, and we have determined that we are the primary beneficiary of them for accounting purposes. Accordingly, we consolidate the assets and liabilities and operating results of these entities 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 statement of operations, may create significant volatility in our reported results of operations, including potentially changing net income available (loss attributable) to common stockholders from income to loss, or vice versa, from quarter to quarter. Our lease pass-through structure is a wholly owned subsidiary and therefore is consolidated in our condensed consolidated financial statements with no non-controlling interest or redeemable non-controlling interest impact.

On July 20, 2015, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with SunEdison , Inc., or SunEdison, a Delaware corporation, and SEV Merger Sub, Inc., a wholly-owned subsidiary of SunEdison. The Merger Agreement was subsequently amended on December 9, 2015 to update the terms of the merger. We terminated the Merger Agreement on March 7, 2016. On March 8, 2016, we filed suit against SunEdison alleging that SunEdison willfully breached its obligations under the Merger Agreement and breached its implied covenant of good faith and fair dealing. SunEdison filed for Chapter 11 bankruptcy in April 2016. On September 13, 2016, the bankruptcy court required that our claim be litigated in the bankruptcy proceeding. See the section captioned "Item 1. Legal Proceedings."

Recent Developments

Investment Funds

In November 2016, two of our wholly owned subsidiaries entered into separate solar investment fund arrangements with existing fund investors. The commitments under the investment fund arrangements total $100.0 million. Our wholly owned subsidiaries have the right to elect to require the fund investors to sell all of their membership units to our wholly owned subsidiaries beginning on the date that certain conditions are met. The purchase prices for the fund investors' interests are determined based on the fair market values of those interests at the time the options are exercised. We have not yet completed our assessment of whether the investment fund arrangements are variable interest entities, or VIEs.

In November 2016, we also entered into a commitment letter with an existing fund investor for an additional $100.0 million fund arrangement. The fund investor's obligations under the commitment letter are subject to the satisfaction of certain conditions. If the commitment is consummated, we will assess whether the investment fund arrangement is a VIE.

Key Operating Metrics

We regularly review a number of metrics, including the following key operating metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Some of our key operating metrics are estimates. These estimates are based on our management's beliefs and assumptions and on information currently available to management. Although we believe that we have a reasonable basis for each of these estimates, these estimates are based on a combination of assumptions that may not prove to be accurate over time, particularly given that a number of them involve estimates of cash flows up to 30 years in the future. Underperformance of the solar energy systems, payment defaults by our customers, cancellation of signed contracts, competition from other distributed solar energy companies, development in the distributed solar energy market and the energy market more broadly, technical innovation or other factors described under the section of this report captioned "Risk Factors" could cause our actual results to differ materially from our calculations. Furthermore, while we believe we have calculated these key metrics in a manner consistent with those used by others in our industry, other companies may in fact calculate these metrics differently than we do now or in the future, which would reduce their usefulness as a comparative measure.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Solar energy system installations	8,266	8,658	24,611	24,396
Megawatts installed	58.8	60.5	175.1	172.2

	September 30, 2016	December 31, 2015
Cumulative solar energy system installations	93,138	68,527
Cumulative megawatts installed	634.0	458.9
Estimated nominal contracted payments remaining (in millions)	$ 2,432.2	$ 1,871.9
Estimated retained value under energy contracts (in millions)	$ 948.3	$ 705.6
Estimated retained value of renewal (in millions)	$ 280.0	$ 200.5
Estimated retained value (in millions)	$ 1,228.3	$ 906.1
Estimated retained value per watt	$ 1.96	$ 1.98

Seasonality

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

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. GAAP require 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 our principles of consolidation; investment tax credits; revenue recognition; solar energy systems, net; impairment analysis of long-lived assets; goodwill impairment analysis; the recognition and measurement of loss contingencies; stock-based compensation; provision for income taxes; 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.

Prior to the three months ended September 30, 2016, we had no comprehensive income or loss. For the three months ended September 30, 2016, other comprehensive income (loss) included an unrealized gain on a derivative financial instrument designated as a cash flow hedge. The cash flow hedge relates to an interest rate swap that we entered into in order to reduce interest rate risk as required by one of our debt agreements. Changes in fair value for the effective portion of this cash flow hedge are recorded in other comprehensive income and will subsequently be reclassified to interest expense over the life of the related debt facilities as interest payments are made. Changes in fair value for the ineffective portion of the cash flow hedge are recognized in other (income) expense. See Note 10—Debt Obligations and Note 11—Derivative Financial Instruments.

During the nine months ended September 30, 2016, we had a change in estimate regarding the carrying value of our goodwill. In conjunction with the acquisition by SunEdison failing to occur, our market capitalization decreased significantly during the first quarter of 2016 from $1.0 billion as of December 31, 2015 to $283 million as of March 31, 2016. We considered this significant decrease in market capitalization to be an indicator of impairment, and we performed a test for potential impairment as of March 31, 2016. The completion of the impairment test resulted in the determination that our goodwill balance of $36.6 million was fully impaired. See Note 7—Intangible Assets and Goodwill.

During the nine months ended September 30, 2016, we consolidated our reporting segments as the Residential segment, which is now our only reporting segment. See Note 19—Segment Information.

Components of Results of Operations

Revenue

We classify and account for long-term customer contracts as operating leases. We consider the proceeds from solar energy system rebate incentives offered by certain state and local governments to form part of the payments under our operating leases and recognize such payments as revenue over the contract term. We record revenue from our operating leases over the term of our long-term customer contracts, which is typically 20 years. We also apply for and receive solar renewable energy certificates, or SRECs, in certain jurisdictions for power generated by our solar energy systems. We generally recognize revenue related to the sale of SRECs upon delivery. 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, which may lead to fluctuations in our quarterly results. Less than 1% of our revenue was attributable to state and local rebates and incentives in all periods presented.

We recognize revenue related to the sale of solar energy systems to customers when interconnected to the power grid. We also recognize revenue related to the sale of photovoltaic installation devices and software products, a portion of which consists of post-contract customer support. In the second quarter of 2016, we resumed external sales of the SunEye product, which sales had previously been discontinued in the first quarter of 2015.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Operating leases and other incentives	$ 28,490	$ 16,225	$ 66,576	$ 36,849
SREC sales	4,904	5,556	13,457	8,813
Total operating leases and incentives	33,394	21,781	80,033	45,662
Solar energy system sales	7,228	307	11,873	608
Photovoltaic installation devices and software products	640	386	1,490	1,884
Total solar energy system and product sales	7,868	693	13,363	2,492
Total revenue	$ 41,262	$ 22,474	$ 93,396	$ 48,154

Operating Expenses

Cost of Revenue. Cost of operating leases and incentives is comprised of solar energy system depreciation and amortization of initial direct costs; and indirect costs related to the processing, account creation, design, installation, interconnection and servicing of solar energy systems, including personnel costs not directly associated to a solar energy system installation, stock-based compensation, warehouse rent, utilities, fleet vehicle executory costs and solar energy system inventory write-offs. Under our direct sales model, a vast majority of payments to our direct sales personnel are customer acquisition commissions, which are capitalized as initial direct costs. The cost related to the sales of SRECs is limited to broker fees, which are only paid in connection with certain transactions. Accordingly, the sale of SRECs in a quarter favorably impacts our operating results for that period. In the fourth quarter of 2016, we expect our cost of operating leases and incentives revenue will increase in absolute dollars compared to the third quarter of 2016 primarily due to additional solar energy systems being placed in service.

Cost of solar energy system and product sales consists of material costs, direct labor costs and allocated indirect costs for solar energy systems sold to customers. It also consists of materials, personnel costs, depreciation, facilities costs, other overhead costs and infrastructure expenses associated with the manufacturing of photovoltaic installation devices and software products. We recognize the cost of solar energy system sales as the solar energy systems sold to customers are interconnected to the power grid and other revenue recognition criteria are met. In the fourth quarter of 2016, we expect our cost of solar energy system and product sales will increase in absolute dollars compared to the third quarter of 2016 as we continue to increase the sales of solar energy systems.

Sales and Marketing Expenses. Sales and marketing expenses include personnel costs, such as salaries, benefits, bonuses and stock-based compensation for our corporate sales and marketing employees and exclude costs related to our direct sales personnel that are accounted for as cost of revenue. Sales and marketing expenses also include advertising, promotional and other marketing-related expenses; certain allocated corporate overhead costs related to facilities and information technology; travel; professional services and costs related to customer cancellations. In the fourth quarter of 2016, we expect sales and marketing costs will increase in absolute dollars compared to the third quarter of 2016.

Research and Development. Research and development expense is comprised primarily of the salaries , benefits and stock-based compensation of certain employees and the development of solar technologies. In prior periods, these expenses included costs related to the development of photovoltaic software products. Research and development costs are charged to expense when incurred. In the fourth quarter of 2016, w e expect research and development costs will remain consistent in absolute dollars compared to the third quarter .

General and Administrative Expenses. General and administrative expenses include personnel costs, such as salaries, bonuses and stock-based compensation related to our general and administrative personnel; professional fees related to legal, human resources, accounting and structured finance services; travel; and allocated facilities and information technology costs. Our financial results include charges for the use of services provided by Vivint. These costs are based on the actual cost incurred by Vivint without mark-up. The charges to us may not be representative of what the costs would have been had we operated separately from Vivint during the periods presented. We continue to use information and technology resources and systems administered by Vivint. In the fourth quarter of 2016, we expect that general and administrative expenses will increase in absolute dollars compared to the third quarter of 2016 due in part to increased professional service fees related to the initiation of tax equity investment funds.

Amortization of Intangible Assets. We have recorded intangible assets at their fair value related to acquisitions in which we have been involved and at cost for internally developed software projects. Such intangible assets are amortized over their estimated useful lives. In the fourth quarter of 2016, we expect amortization of intangible assets to decrease in absolute dollars compared to the third quarter of 2016.

Impairment of Goodwill and Intangible Assets. In conjunction with the acquisition by SunEdison failing to occur, our market capitalization decreased significantly during the first quarter of 2016, from $1.0 billion as of December 31, 2015 to $283.0 million as of March 31, 2016. We considered this significant decrease in market capitalization to be an indicator of goodwill impairment, and we performed a test for potential impairment as of March 31, 2016. The completion of the impairment test resulted in the determination that our goodwill balance of $36.6 million was fully impaired. See Note 7—Intangible Assets and Goodwill.

During 2015, we discontinued the external sale of two Vivint Solar Labs products. This discontinuance was considered an indicator of impairment, and we performed a review regarding the recoverability of the carrying value of the related intangible assets. As a result of this review, we recorded an impairment charge of $4.5 million in the first quarter of 2015.

Non-Operating Expenses

Interest Expense. Interest expense primarily consists of interest charges associated with our indebtedness, including the amortization of debt issuance costs and the interest components of the lease pass-through financing obligation and capital lease obligations. In the fourth quarter of 2016, we expect our interest expense to increase in absolute dollars compared to the third quarter of 2016 as we have incurred additional indebtedness. Additionally, our debt facilities accrue interest at floating rates and increases in the floating rates would result in higher interest expense.

Other (Income) Expense. Other (income) expense includes changes in fair value for the ineffective portion of our cash flow hedge and has included interest and penalties associated with tax payments that were not paid in a timely manner.

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

Net Income Available to Common Stockholders

We determine the net income available to common stockholders by deducting from net loss the net loss attributable to non-controlling interests and redeemable non-controlling interests. The net loss attributable to non-controlling interests and redeemable non-controlling interests 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 September 30, 2016, 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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)		(In thousands)	
Revenue:				
Operating leases and incentives	$ 33,394	$ 21,781	$ 80,033	$ 45,662
Solar energy system and product sales	7,868	693	13,363	2,492
Total revenue	41,262	22,474	93,396	48,154
Operating expenses:				
Cost of revenue—operating leases and incentives	39,268	37,624	115,566	94,799
Cost of revenue—solar energy system and product sales	6,468	470	10,606	1,384
Sales and marketing	8,617	12,051	32,078	37,181
Research and development	842	1,047	2,218	2,549
General and administrative	19,022	21,954	60,006	71,948
Amortization of intangible assets	342	3,711	762	11,195
Impairment of goodwill and intangible assets	—	—	36,601	4,506
Total operating expenses	74,559	76,857	257,837	223,562
Loss from operations	(33,297)	(54,383)	(164,441)	(175,408)
Interest expense	9,361	3,351	22,539	8,208
Other (income) expense	(434)	26	(95)	399
Loss before income taxes	(42,224)	(57,760)	(186,885)	(184,015)
Income tax (benefit) expense	(2,959)	(7,448)	10,245	15,977
Net loss	(39,265)	(50,312)	(197,130)	(199,992)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(55,961)	(50,780)	(194,978)	(226,262)
Net income available (loss attributable) to common stockholders	$ 16,696	$ 468	$ (2,152)	$ 26,270

Comparison of Three Months Ended September 30, 2016 and 2015

Revenue

	Three Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Total revenue	$ 41,262	$ 22,474	$ 18,788

The $18.8 million increase was primarily due to a $10.7 million increase in operating lease revenue as the total megawatts of solar energy systems placed in service increased 76%. In addition, revenue increased $6.9 million primarily as a result of our emphasis on solar energy system sales, and revenue related to our lease pass-through fund arrangement increased $1.5 million as deferred ITC revenue was recognized. See Note 12—Investment Funds, " *Lease Pass-Through Financing Obligation.* " These increases were partially offset by a $0.7 million decrease in SREC sales.

Operating Expenses

	Three Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Operating expenses:			
Cost of revenue—operating leases and incentives	$ 39,268	$ 37,624	$ 1,644
Cost of revenue—solar energy system and product sales	6,468	470	5,998
Sales and marketing	8,617	12,051	(3,434)
Research and development	842	1,047	(205)
General and administrative	19,022	21,954	(2,932)
Amortization of intangible assets	342	3,711	(3,369)
Total operating expenses	$ 74,559	$ 76,857	$ (2,298)

Cost of Revenue—operating leases and incentives . The $1.6 million increase was primarily due to a $4.8 million increase in depreciation and amortization of solar energy systems and a $2.7 million increase in system portfolio maintenance costs due to the increase in the number of solar energy systems placed in service. Warehouse, office and building costs increased $0.9 million due to a 10% increase in warehouses in operation. These increases were partially offset by a $6.0 million decrease in compensation and benefits due to a 16% decrease in average installation and operations employee headcount and increased efficiencies in our installation processes, and a $0.9 million decrease in vehicle fleet costs.

Cost of Revenue—solar energy system and product sales . The $6.0 million increase was primarily due to a $5.9 million increase in the cost of system sales due to the higher volume of solar energy systems sold.

Sales and Marketing Expense . The $3.4 million decrease was primarily due to a $2.1 million decrease in compensation and benefits resulting from a 48% decrease in average indirect sales support and marketing employee headcount due to organizational changes as well as a $1.1 million decrease in marketing and brand awareness activities.

General and Administrative Expense . The $2.9 million decrease was primarily due to a $4.0 million decrease in legal and other costs related to the failed acquisition by SunEdison and a $2.3 million decrease in professional fees due to lower legal fees and decreased reliance on information technology services provided by Vivint. These decreases were partially offset by a $2.0 million increase in compensation and benefits primarily related to corporate bonuses, a $0.5 million increase in fixed asset depreciation, a $0.5 million increase in property taxes and a $0.4 million increase in stock-based compensation.

Amortization of Intangible Assets. The $3.4 million decrease was primarily due to our customer contracts intangible asset that was fully amortized in 2015.

Non-Operating Expenses

	Three Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Interest expense	$ 9,361	$ 3,351	$ 6,010
Other (income) expense	(434)	26	(460)

Interest Expense. Interest expense increased $6.0 million primarily due to the cost of financing additional borrowings year over year.

Other (Income) Expense . The $0.5 million change from other expense to other income was primarily due to $0.3 million of gain related to the ineffective portion of our cash flow hedge and a $0.2 million decrease in the accrual for tax-related interest and penalties due to an abatement of a portion of prior period tax penalties.

Income Taxes

	Three Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Income tax benefit	$ (2,959)	$ (7,448)	$ 4,489

The $4.5 million decrease in income tax benefit was primarily attributable to a reduced loss before income taxes and the net effect of non-controlling interests and redeemable non-controlling interests, federal investment tax credits, amortization of the prepaid tax asset and the domestic production activities deduction.

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

	Three Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Net loss attributable to non-controlling interests and redeemable non-controlling interests	$ (55,961)	$ (50,780)	$ (5,181)

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(k). These tax benefits are primarily allocated to the investors and reduce the fund investors' tax capital account.

Comparison of Nine Months Ended September 30, 2016 and 2015

Revenue

	Nine Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Total revenue	$ 93,396	$ 48,154	$ 45,242

The $45.2 million increase was primarily due to a $28.1 million increase in operating lease revenue as the total megawatts of solar energy systems placed in service increased 76%. In addition, revenue increased $11.3 million primarily as a result of our emphasis on solar energy system sales, SREC sales increased $4.6 million primarily driven by the increased solar energy systems placed in service and revenue related to our lease pass-through fund arrangement increased $1.5 million as deferred ITC revenue was recognized. See Note 12—Investment Funds, " *Lease Pass-Through Financing Obligation.* " These increases were partially offset by a $0.4 million decrease in photovoltaic device and software products revenue.

Operating Expenses

	Nine Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Operating expenses:			
Cost of revenue—operating leases and incentives	$ 115,566	$ 94,799	$ 20,767
Cost of revenue—solar energy system and product sales	10,606	1,384	9,222
Sales and marketing	32,078	37,181	(5,103)
Research and development	2,218	2,549	(331)
General and administrative	60,006	71,948	(11,942)
Amortization of intangible assets	762	11,195	(10,433)
Impairment of goodwill and intangible assets	36,601	4,506	32,095
Total operating expenses	$ 257,837	$ 223,562	$ 34,275

Cost of Revenue—operating leases and incentives . The $20.8 million increase was primarily due to a $14. 1 million increase in depreciation and amortization of solar energy systems primarily due to the increase in the number of solar energy s ystems placed in service. Warehouse, office and other installation costs increased $6.5 million due to a 10% increase in warehouses in operation. Solar energy system portfolio maintenance costs increased by $5.4 million due to the increase in the number of solar energy systems placed in service. These increases were partially offset by a $2. 3 million decrease in compensation and benefits due to increased efficiencies in our installation processes, a $2.1 million decrease in vehicle fleet costs and a $0.9 mi llion decrease in stock-based compensation primarily due to performance options that vested in 2015.

Cost of Revenue—solar energy system and product sales . The $9.2 million increase was primarily due to a $9.4 million increase in the cost of system sales due to the higher volume of solar energy systems sold in 2016. The increase was partially offset by decreased costs of photovoltaic device and software product sales in line with the related revenue.

Sales and Marketing Expense . The $5.1 million decrease was primarily due to a $7.6 million decrease in stock-based compensation. Stock-based compensation expense in 2015 was driven higher primarily due to the grant and vesting of shares issued to sales personnel under the Long-Term Incentive Plan, or LTIP, and the vesting of options due to a performance condition being met. Total stock-based compensation expense is adjusted for the majority of sales and marketing participants based on our stock price, which declined significantly from September 30, 2015 to September 30, 2016. These decreases were partially offset by a $1.4 million increase in sales administrative costs and a $0.9 million increase in costs associated with marketing and brand awareness activities.

Research and Development Expense . The $0.3 million decrease was primarily due to a $0.9 million decrease in stock-based compensation primarily driven by the forfeiture of unvested stock options for employees who left our company in second quarter of 2016. This decrease was partially offset by an increase in compensation and benefits of $0.5 million primarily due to a 30% increase in average research and development headcount.

General and Administrative Expense . The $11.9 million decrease was primarily due to an $8.3 million decrease in stock-based compensation primarily due to performance options that vested in 2015 and the forfeiture of unvested stock options for executives who left the company in the nine months ended September 30, 2016. Additionally, professional fees related to initiating and servicing tax equity investment funds decreased by $7.6 million as fewer funds were closed in 2016. Other professional fees decreased by $3.6 million primarily due to lower legal fees and decreased costs incurred for reliance on information technology services provided by Vivint. These decreases were partially offset by $2.2 million in costs primarily related to severance for senior management who left the company and other organizational changes, a $1.6 million increase compensation and benefits primarily related to corporate bonuses, a $1.1 million increase in fixed asset depreciation and a $1.1 million increase in insurance costs. Additionally, a $1.0 million fee was incurred to terminate and settle the C&I investment fund, and legal and other fees increased $0.6 million related to the failed acquisition by SunEdison.

Amortization of Intangible Assets. The $10.4 million decrease was primarily due to a $10.9 million decrease in amortization related to our customer contracts intangible asset as it became fully amortized in 2015, which was partially offset by the amortization of other intangible assets.

Impairment of Goodwill and Intangible Assets. An impairment charge of $36.6 million was recorded in 2016 to write off the entire value of goodwill as it was deemed to be fully impaired during the nine months ended September 30, 2016. An impairment charge of $4.5 million was recorded in 2015 to write down the value of intangibles associated with two Vivint Solar Labs products for which external sales were discontinued.

Non-Operating Expenses

	Nine Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Interest expense	$ 22,539	$ 8,208	$ 14,331
Other (income) expense	(95)	399	(494)

Interest Expense. Interest expense increased $14.3 million primarily due to the cost of financing additional borrowings year over year.

Other (Income) Expense . The $0.5 million change from other expense to other income was primarily due to a $0.3 million gain related to the ineffective portion of our cash flow hedge that was recognized in other income during the period and a $0.2 million decrease in the accrual for tax-related interest and penalties due to an abatement of a portion of prior period tax penalties.

Income Taxes

	Nine Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Income tax expense	$ 10,245	$ 15,977	$ (5,732)

The $5.7 million decrease in income tax expense was primarily attributable to the net effect of non-controlling interests and redeemable non-controlling interests, federal investment tax credits, amortization of the prepaid tax asset and the goodwill impairment charge.

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

	Nine Months Ended September 30,		$ Change
	2016	2015	2016 from 2015
	(In thousands)		
Net loss attributable to non-controlling interests and redeemable non-controlling interests	$ (194,978)	$ (226,262)	$ 31,284

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(k). These tax benefits are primarily allocated to the investors and reduce the fund investors' tax capital account. The current period decrease in net loss attributable to non-controlling interests and redeemable non-controlling interests was due to the signing of fund amendments in the second quarter of 2015 allowing for bonus tax depreciation to be allocated to the fund investors solely in 2015. This one-time allocation of bonus tax depreciation significantly reduced the fund investors' tax capital accounts leading to an increased HLBV loss in 2015.

Liquidity and Capital Resources

As of September 30, 2016, we had cash and cash equivalents of $113.0 million, which consisted principally of cash and time deposits with high-credit-quality financial institutions. As discussed in Note 10—Debt Obligations and Note 12—Investment Funds, we do not have full access to a portion of our cash and cash equivalents. 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 and other potential financing vehicles.

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

Sources of Funds

Investment Fund Commitments

As of October 31, 2016, we have raised 17 residential investment funds to which investors such as banks and other large financial investors have committed to invest approximately $1.1 billion, which will enable us to install solar energy systems of total fair market value approximating $2.8 billion. The undrawn committed capital for these funds as of October 31, 2016 is approximately $22 million, which includes approximately $18 million in payments that will be received from fund investors upon interconnection to the respective power grid of solar energy systems that have already been allocated to investment funds. As of October 31, 2016, we had tax equity commitments to fund approximately 4 megawatts of future deployments, which we estimate to be sufficient to fund solar energy systems with a total fair market value of approximately $15 million.

Debt Instruments

Term Loan Facility. In August 2016, we entered into a credit agreement, or the Term Loan Facility, pursuant to which we may borrow up to $313.0 million aggregate principal amount of term borrowings and letters of credit from certain financial institutions for which Investec Bank PLC is acting as administrative agent. Proceeds of $300.0 million in term loan borrowings under the Term Loan Facility were used to: (1) repay $220.5 million of existing indebtedness under the Aggregation Facility to remove the portfolio of projects being used as collateral for the Term Loan Facility, or the Portfolio; (2) distribute $63.6 million to us; (3) pay $10.6 million in transaction costs and fees in connection with the Term Loan Facility; and (4) fund $5.3 million in agreed reserve accounts . Additionally, letters of credit for up to $13.0 million were issued for a debt service reserve. As of September 30, 2016, we had no borrowing capacity remaining under the Term Loan Facility.

For the initial four years of the term of the Term Loan Facility, interest on borrowings accrues at an annual rate equal to London Interbank Offered Rate or, LIBOR, plus 3.00%. Thereafter interest accrues at an annual rate equal to LIBOR plus 3.25%. In the third quarter of 2016, as required by the Term Loan Facility agreement, we entered into an interest rate swap hedging arrangement such that 90% of the aggregate principal amount of the outstanding term loan is subject to a fixed interest rate. Certain principal payments are due on a quarterly basis, at the end of January, April, July and October of each year, subject to the occurrence of certain events, including failure to meet certain distribution conditions, proceeds received by the borrower or subsidiary guarantors in respect of casualties, and proceeds received for purchased systems. Principal and interest payable under the Term Loan Facility mature in five years and optional prepayments, in whole or in part, are permitted under the Term Loan Facility, without premium or penalty apart from any customary LIBOR breakage provisions. As of September 30, 2016, the hedged portion of the Term Loan Facility accrued interest at 4.0% and the unhedged portion of the Term Loan Facility accrued interest at 3.5%.

The Term Loan Facility includes customary events of default, conditions to borrowing and covenants, including negative covenants that restrict, subject to certain exceptions, the borrower's and guarantors' ability to incur indebtedness, incur liens, make fundamental changes to their respective businesses, make certain types of restricted payments and investments or enter into certain transactions with affiliates. A debt service reserve account was funded with the outstanding letters of credit under the Term Loan Facility. As such, the debt service reserve is not classified as restricted cash and cash equivalents on the condensed consolidated balance sheets. The borrower is required to maintain an average debt service coverage ratio of 1.55 to 1. As of September 30, 2016, we were in compliance with such covenants.

The obligations of the borrower are secured by a pledge of the membership interests in the borrower, all of the borrower's assets, and the assets of the borrower's directly owned subsidiaries acting as managing members of the underlying investment funds. In addition, we guarantee certain obligations of the borrower under the Term Loan Facility.

Subordinated HoldCo Facility. In March 2016, we entered into a financing agreement, or the Subordinated HoldCo Facility, formerly known as the Term Loan Facility, pursuant to which we may borrow up to an aggregate principal amount of $200.0 million of term loan borrowings from investment funds and accounts advised by HPS Investment Partners, formerly known as Highbridge Principal Strategies, LLC. The initial $75.0 million in borrowings are referred to as "Tranche A" borrowings. The remaining $125.0 million aggregate principal amount in borrowings may be incurred in three installments of at least $25.0 million aggregate principal amount prior to March 2017. Such subsequent borrowings are referred to as "Tranche B" borrowings. We incurred $25.0 million in Tranche B borrowings in July 2016. As a result, the maturity date for all borrowings was extended to March 2020. We may not prepay any borrowings until March 2018 and any subsequent prepayments of principal are subject to a 3.0% fee. Borrowings under the Subordinated HoldCo Facility will be used for the construction and acquisition of solar energy systems. As of September 30, 2016, we had incurred $99.8 million in borrowings under the Subordinated HoldCo Facility and we had remaining borrowing capacity of $100.2 million.

Prior to the Tranche B borrowings being incurred, interest on principal borrowings under the Subordinated HoldCo Facility accrued at a floating rate of LIBOR plus 5.5%. Subsequent to the Tranche B borrowings being incurred, interest accrues at a floating rate of LIBOR plus 8.0%. As of September 30, 2016, the Subordinated HoldCo Facility accrued interest at 8.6%.

The Subordinated HoldCo F acility includes customary events of default, conditions to borrowing and covenants, including covenants that restrict, subject to certain exceptions, the borrower's, and the guarantors' ability to incur indebtedness, incur liens, make investments, make fu ndamental changes to their business, dispose of assets, make certain types of restricted payments or enter into certain related party transactions. These restrictions do not impact our ability to enter into investment funds, including those that are simila r to those entered into previously. Additionally, the parties to the Subordinated HoldCo F acility must maintain certain consolidated and project subsidiary loan-to-value ratios and a consolidated debt service coverage ratio, with such covenants to be teste d as of the last day of each fiscal quarter and upon each incurrence of borrowings. Each of the parties to the Subordinated HoldCo F acility has pledged assets not otherwise pledged under another existing debt facility as collateral to secure their obligati ons under the Subordinated HoldCo F acility. As of September 30, 2016 , we were in compliance with such covenants.

Aggregation Credit Facility. In September 2014, we entered into a credit agreement, or the Aggregation Facility, which has subsequently been amended, pursuant to which we may borrow up to an aggregate principal amount of $375.0 million and, for which Bank of America, N.A. is acting as administrative agent. Upon the satisfaction of certain conditions and the approval of the lenders, we may increase the aggregate amount of principal borrowings to $550.0 million. As of September 30, 2016 , we had incurred an aggregate of $148.5 million in borrowings under this agreement and we had a remaining borrowing capacity of $226.5 million under this facility.

Prepayments are permitted under the Aggregation Facility and the principal and accrued interest on any outstanding loans mature in March 2018. Under the Aggregation Facility , interest on borrowings accrues at a floating rate equal to (1)(a) LIBOR or (b) the greatest of (i) the Federal Funds Rate plus 0.5%, (ii) the administrative agent's prime rate and (iii) LIBOR plus 1% and (2) a margin that varies between 3.25% during the period during which the Company may incur borrowings and 3.50% after such period. Interest is payable at the end of each interest period that the Company may elect as a term of either one, two or three months. As of September 30, 2016, the borrowings under the Aggregation Facility accrued interest at 3.8%.

The Aggregation Facility includes customary covenants, including covenants that restrict, subject to certain exceptions, the borrower's, and the guarantors' ability to incur indebtedness, incur liens, make investments, make fundamental changes to their business, dispose of assets, make certain types of restricted payments or enter into certain related party transactions. Among other restrictions, the Aggregation Facility provides that the borrower may not incur any indebtedness other than that related to the Aggregation Facility or in respect of permitted swap agreements, and that the guarantors may not incur any indebtedness other than that related to the Aggregation Facility or as permitted under existing investment fund transaction documents. These restrictions do not impact our ability to enter into investment funds, including those that are similar to those entered into previously. As of September 30, 2016, we were in compliance with such covenants. Previously, the Company was required to obtain an interest rate hedge by September 13, 2016. As of September 30, 2016, the Company is now required to obtain the interest rate hedge by January 16, 2017, and no interest rate hedge has been entered into for this facility.

Working Capital Credit Facility. In March 2015, we entered into a credit agreement, or the Working Capital Facility, pursuant to which we may borrow up to an aggregate principal amount of $150.0 million from certain financial institutions for which Goldman Sachs Lending Partners LLC is acting as administrative agent and collateral agent. Loans under the Working Capital Facility were used to pay for the costs incurred in connection with the design and construction of solar energy systems, and letters of credit were issued for working capital and general corporate purposes. The Working Capital Facility matures in March 2020. As of September 30, 2016, we had incurred $142.6 million in borrowings under this credit facility and up to $7.4 million in letters of credit related to insurance contracts. As such, there was no remaining borrowing capacity available as of September 30, 2016.

Prepayments are permitted under the Working Capital Facility, and the principal and accrued interest on any outstanding loans mature in March 2020. Interest accrues on borrowings at a floating rate equal to, dependent on the type of borrowing, (1) a rate equal to the Eurodollar Rate for the interest period divided by one minus the Eurodollar Reserve Percentage, plus a margin of 3.25%; or (2) the highest of (a) the Federal Funds Rate plus 0.50%, (b) the Citibank prime rate and (c) the one-month interest period Eurodollar rate plus 1.00%, plus a margin of 2.25%. Interest is payable dependent on the type of borrowing at the end of (1) the interest period that we elect as a term and not to exceed three months, (2) quarterly or (3) at maturity of the Working Capital Facility. As of September 30, 2016, the borrowings under the Working Capital Facility accrued interest at 3.8%.

The Working Capital Facility includes customary covenants, including covenants that restrict, subject to certain exceptions, our ability to incur indebtedness, incur liens, make investments, make fundamental changes to our business, dispose of assets, make certain types of restricted payments or enter into certain related party transactions. Among other restrictions, the Working Capital Facility provides that we may not incur any indebtedness other than that related to the Working Capital Facility or i n respect of permitted swap agreements. These restrictions do not impact our ability to enter into investment funds, including those that are similar to those entered into previously. We are also required to maintain $25.0 million in cash and cash equivale nts and certain investments as of the last day of each quarter. As of September 30, 2016 , we were in compliance with such covenants.

Cash Inflows from Operations

In the three and nine months ended September 30, 2016 , we generated $33.4 million and $80.0 million in revenue from operating leases and incentives, which approximates cash inflow. Cash related to our solar energy systems sales is generally received prior to revenue recognition. 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. Our operating expenses have increased from year to year due to the growth of our business. We expect our capital expenditures to continue to increase as we continue to grow our business. 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:

	Nine Months Ended September 30,	
	2016	2015
Consolidated cash flow data:	(In thousands)	
Net cash used in operating activities	$ (123,880)	$ (144,635)
Net cash used in investing activities	(329,002)	(397,287)
Net cash provided by financing activities	473,706	362,028
Net increase (decrease) in cash and cash equivalents	$ 20,824	$ (179,894)

Operating Activities

In the nine months ended September 30, 2016, we had a net cash outflow from operations of $123.9 million. This outflow was primarily due to a $197.1 million net loss and a $122.3 million increase in prepaid tax assets. The outflow was partially offset by noncash adjustments of $124.9 million for deferred income taxes, $36.6 million for impairment of goodwill, and $32.4 million for depreciation and amortization.

Investing Activities

In the nine months ended September 30, 2016, we used $329.0 million in investing activities primarily due to $318.3 million in costs associated with the design, acquisition and installation of solar energy systems and $8.4 million to increase the balance in restricted cash and cash equivalents.

Financing Activities

In the nine months ended September 30, 2016, we generated $473.7 million from financing activities, of which $500.3 million was received in proceeds from long-term debt and $237.1 million was received in proceeds from investments by non-controlling interests and redeemable non-controlling interests into our investment funds. These proceeds were partially offset by repayments of long-term debt of $224.4 million, distributions to non-controlling interests and redeemable non-controlling interests of $22.2 million, and payments for debt issuance costs and capital lease obligations of $21.1 million.

Contractual Obligat ions

Our contractual commitments and obligations as of December 31, 2015 are laid out in the following table. Changes that have occurred during the nine months ended September 30, 2016 are included in the footnotes to the table.

	Payments Due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	(In thousands)				
Long-term debt (1)	$ —	$ 269,100	$ 146,750	$ —	$ 415,850
Interest payments related to long-term debt (2)	15,206	22,819	6,353	—	44,378
Distributions payable to non-controlling interests and redeemable non-controlling interests (3)	11,347	—	—	—	11,347
Capital lease obligations and interest	6,405	9,815	1,044	—	17,264
Operating lease obligations	14,223	23,129	18,969	81,216	137,537
Total	$ 47,181	$ 324,863	$ 173,116	$ 81,216	$ 626,376

(1) Does not include additional borrowings and repayments during the nine months ended September 30, 2016, which resulted in a net $275.9 million increase in principal borrowings. These borrowing included the following activity: under the Term Loan Facility maturing in August 2021, we incurred $300.0 million of principal borrowings; under the Subordinated HoldCo Facility maturing in March 2020, we incurred $99.8 million in principal borrowings; under the Aggregation Facility maturing in March 2018, we reduced principal borrowings by a net $120.6 million; and under the Working Capital Facility maturing in March 2020, we reduced principal borrowings by $4.2 million. For additional information, see the section captioned "Liquidity and Capital Resources."

(2) Does not include increases in interest payments related to changes in long-term debt during the nine months ended September 30, 2016, which for payments due in less than one year increased $13.6 million, payments due in one to three years increased $36.0 million, payments due in three to five years increased $35.0 million and payments due in more than five years increased $8.0 million.

(3) During the nine months ended September 30, 2016, distributions payable to non-controlling interests and redeemable non-controlling interests increased by $5.1 million.

Off-Balance Sheet Arrangements

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

Recent Accounting Pronouncements

In October 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, 2016-17, *Consolidation (Topic 810): Interests held through related parties that are under common control.* This update does not change the characteristics of a primary beneficiary in current account guidance, but requires an entity to consider additional factors when determining if it is the primary beneficiary of a VIE that is under common control with related parties. This update is effective for annual periods beginning after December 15, 2016 for public business entities. The amendments in this updates should be applied using a modified retrospective approach. We are evaluating this update but currently expects it will not have a material impact on our condensed consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory.* Current accounting guidance prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. This update will require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective for annual periods beginning after December 15, 2017 for public business entities and early adoption is permitted. The amendments in this update should be applied using a modified retrospective approach. We are evaluating this update but currently expect it will have a material impact on our condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* This update clarifies how certain cash flows should be classified with the objective of reducing the existing diversity in practice. This update is effective for annual periods beginning after December 15, 2017 for public business entities and early adoption is permitted. The amendments in this update should be applied using a retrospective transition method and must all be applied in the same period. We are evaluating the impact of this update on our condensed consolidated financial statements and related disclosures.

From March 2016 through May 2016, the FASB issued ASU 2016-12, ASU 2016-11, ASU 2016-10 and ASU 2016-08. These updates all clarify aspects of the guidance in ASU 2014-09, *Revenue from Contracts with Customers* , which represents comprehensive reform to revenue recognition principles related to customer contracts . Additionally, per ASU 2015-14 , the effective date of these updates for us was deferred to January 1, 2018, with early adoption available on January 1, 20 17. We currently plan to adopt the new standard in 2018 using the re trospective transition method. We are still evaluating the impact this guidance will have on our condensed consolidated financial statements and related disclosures .

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* The objective of this update is to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeiture rates and classification on the statement of cash flows. This update is effective for annual periods beginning after December 15, 2016 for public business entities and early adoption is permitted. We expect to apply the update upon its effectiveness in the first quarter of 2017 and expect the update to have an impact to our equity balance in the condensed consolidated balance sheet and all expense line items where stock compensation is recorded on the condensed consolidated statement of operations in the first quarter of 2017.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* . The objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This update primarily changes the recognition by lessees of lease assets and liabilities for leases currently classified as operating leases. Lessor accounting remains largely unchanged. This update is effective in fiscal years beginning after December 15, 2018 for public business entities and early adoption is permitted. The amendments should be applied using a modified retrospective approach. We have operating leases that will be affected by this update and are evaluating the impact on our condensed consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* . The objective of this update is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments in this update address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This update is effective in fiscal years beginning after December 15, 2017. The amendments should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We do not expect the update to have a significant impact on our condensed consolidated financial statements and related disclosures.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* . This ASU changes the measurement principle for inventories valued under the first-in, first-out, or FIFO, or weighted-average methods from the lower of cost or market to the lower of cost or net realizable value. Net realizable value is defined by the FASB as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This ASU does not change the measurement principles for inventories valued under the last-in, first-out method. The update is effective in fiscal years beginning after December 15, 2016. Early adoption is permitted. We do not expect this update to have a significant impact on our condensed consolidated financial statements and related disclosures.

Emerging Growth Company Status

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

As of September 30, 2016, we had cash and cash equivalents of $113.0 million. Our cash equivalents are time deposits with maturities of three months or less at the time of purchase. Our primary exposure to market risk on these funds is interest income sensitivity, which is affected by changes in the general level of the interest rates in the United States. However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on our condensed consolidated financial statements.

As of September 30, 2016 , we had incurred an aggregate principal amount of $ 691.7 million in borrowings under our debt facilities, which accrue d interest at floating rates. As of September 30, 2016, interest accrued at a weighted-average rate of approximately 4.6 %. If our debt facilities had been fully drawn at December 31, 2015 and remained outstanding for all of 2016, the effect of a hypothetical 10% change in our floating interest rate s on these borrowings would in crease or decrease interest expense by approximately $ 4.8 million.

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

Item 4. Controls and Procedures

Internal Control Over Financial Reporting

(a) 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 September 30, 2016 pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined by Rule 13a-15(f) under the Exchange Act). In assessing the effectiveness of our internal control over financial reporting as of September 30, 2016, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Based on the evaluation of our disclosure controls and procedures as of September 30, 2016, our chief executive officer and chief financial officer concluded that, as a result of material weaknesses in our internal control over financial reporting as disclosed in our annual report on Form 10-K for the year ended December 31, 2015, our disclosure controls and procedures were not effective as of September 30, 2016.

Material Weakness

In connection with the preparation, audits and interim reviews of our past consolidated financial statements, we and our independent registered public accounting firm identified a material weakness in internal control over financial reporting. Under standards established by the Public Company Accounting Oversight Board of the United States, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We previously reported a material weakness in internal control over financial reporting for the year ended December 31, 2014. This previously reported material weakness had not been fully remediated for the year ended December 31, 2015 or for the nine months ended September 30, 2016, and as a result, we continued to have deficiencies in our internal controls including those associated with the HLBV method of attributing net income or loss to non-controlling interests and redeemable non-controlling interests and with our financial statement close process.

The nature of our investment funds increases the complexity of our accounting for the allocation of net income (loss) between our stockholders and non-controlling interests under the HLBV method and the calculation of our tax provision. As we enter into additional investment funds, which may have contractual provisions different from those of our existing funds, the calculation under the HLBV method and the calculation of our tax provision could become increasingly complicated. This additional complexity could increase the chance that we experience additional errors in the future, particularly because we have a material weakness in internal controls. In addition, our need to devote our resources to addressing this complexity could delay or prolong our remediation efforts and thereby prolong the existence of the material weakness.

We have taken steps to remediate the underlying causes of the material weakness that was reported for the year ended December 31, 2014. We have hired a number of additional fi nancial, accounting and tax personnel in addition to a director of internal audit to assist us in implementing and improving our existing internal controls and a chief information officer to assist us in improving our underlying information technology syst ems and to decrease our reliance on manual processes. We engage d third-party consultants to provide support over our accounting and tax processes to assist us with our evaluation of complex technical accounting matters. We engage d consultants to advise us on making further improvements to our internal controls over financial reporting. We believe that these additional resources will enable us to broaden the scope and quality of our controls relating to the oversight and review of financial statements and ou r application of relevant accounting policies. Furthermore, we continue to implement and improve systems to automate certain financial reporting processes and to improve information accuracy. These remediation efforts are still in process and have not yet been completed. Because of this material weakness, there is heightened risk that a material misstatement of our annual or quarterly financial statements will not be prevented or detected.

The actions that we are taking are subject to ongoing senior management review as well as audit committee oversight. We are working diligently on this remediation process; however, we cannot estimate how long it will take to remediate this material weakness. In addition, the remediation steps we have taken, are taking and expect to take may not effectively remediate the material weakness, in which case our internal control over financial reporting would continue to be ineffective. We cannot guarantee that we will be able to complete our remedial actions successfully. Even if we are able to complete these actions successfully, these measures may not adequately address our material weakness. In addition, it is possible that we will discover additional material weaknesses in our internal control over financial reporting or that our existing material weakness will result in additional errors in or restatements of our financial statements.

We will be required to engage an independent registered public accounting firm to opine on the effectiveness of our internal control over financial reporting beginning at the date we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may issue a report that is adverse if such firm is not satisfied with the level at which our controls are documented, designed, operated or reviewed. As a result, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Our remediation efforts may not enable us to avoid a material weakness in the future. In addition, as a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the nine months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than those described above.

Inherent Limitation on the Effectiveness of Internal Control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

In September 2014, two of our former installation technicians, on behalf of themselves and a purported class, filed a complaint for damages, injunctive relief and restitution in the Superior Court of the State of California in and for the County of San Diego against us and unnamed John Doe defendants. The complaint alleges certain violations of the California Labor Code and the California Business and Professions Code based on, among other things, alleged improper classification of installer technicians, installer helpers, electrician technicians and electrician helpers, failure to pay minimum and overtime wages, failure to provide accurate itemized wage statements, and failure to provide wages on termination. In December 2014, the original plaintiffs and three additional plaintiffs filed an amended complaint with essentially the same allegations. On November 5, 2015, the parties agreed to preliminary terms of a settlement of all claims related to allegations in the complaint in return for our payment of $1.7 million to be paid out to the purported class members, which was accrued at that time. The Court gave final approval to the settlement on September 30, 2016. On October 7, 2016, we made payment of the $1.7 million gross settlement fund to the settlement claim administrator.

In November and December 2014, two putative class action lawsuits were filed in the U.S. District Court for the Southern District of New York against us, our directors, certain of our officers and the underwriters of our initial public offering of common stock alleging violation of securities laws and seeking unspecified damages. In January 2015, the Court ordered these cases to be consolidated into the earlier filed case, *Hyatt v. Vivint Solar, Inc. et al.* , 14-cv-9283 (KBF). The plaintiffs filed a consolidated amended complaint in February 2015. On May 6, 2015, we filed a motion to dismiss the complaint and on December 10, 2015, the Court issued an Opinion and Order dismissing the complaint with prejudice. On January 5, 2016, the plaintiffs filed a Notice of Appeal to the Second Circuit Court of Appeals. On August 25, 2016, the Court of Appeals heard oral arguments on the appeal. We are unable to estimate a range of loss, if any, that could result were there to be an adverse final decision. If an unfavorable outcome were to occur in this case, it is possible that the impact could be material to our results of operations in the period(s) in which any such outcome becomes probable and estimable.

On September 9, 2015, two of our customers, on behalf of themselves and a purported class, named us in a putative class action, Case No. BCV-15-100925 (Cal. Super. Ct., Kern County), alleging violation of California Business and Professional Code Section 17200 and requesting relief pursuant to Section 1689 of the California Civil Code. The complaint seeks: (1) rescission of their power purchase agreements along with restitution to the plaintiffs individually and (2) declaratory and injunctive relief. On October 16, 2015, we moved to compel arbitration of the plaintiffs' claims pursuant to the provisions set forth in the power purchase agreements, which the Court granted and dismissed the class claims without prejudice. Plaintiffs have appealed the Court's order. We are not able to estimate the amount or range of potential loss, if any, at this time.

On March 8, 2016, we filed suit in the Court of Chancery State of Delaware against SunEdison and SEV Merger Sub Inc. alleging that SunEdison willfully breached its obligations under the Merger Agreement pursuant to which we were to be acquired and breached its implied covenant of good faith and fair dealing. We are seeking declaratory judgment, award damages, costs and reasonable attorney's fees and such further relief that the court finds equitable, appropriate and just. On April 21, 2016, SunEdison filed for Chapter 11 bankruptcy, thereby creating a temporary stay on the prosecution of our litigation in the Delaware court. On July 7, 2016, we filed a motion with the bankruptcy court seeking to lift the stay and allow us to litigate our claim against SunEdison. On September 13, 2016, the bankruptcy court denied our motion to lift the stay, effectively requiring that our claim be litigated in the bankruptcy proceeding. On September 22, 2016, we submitted a proof of claim in the bankruptcy case for an unsecured claim in the amount of $1.0 billion. We are participating in the bankruptcy case so as to maximize the recovery from the claims against SunEdison.

In March 2016, a civil complaint was filed against us alleging negligence and related claims arising from damage to a customer's residence. In June 2016, we reached agreement between us, the plaintiffs and our liability insurance provider to participate in an arbitration proceeding that will determine the extent of damages - with a minimum amount set at $1.0 million and a maximum amount set at $3.0 million. Based on the above agreement, a $1.0 million reserve was recorded related to this matter in our condensed consolidated financial statements. The arbitration hearing was held in September 2016, but the arbitrator has not yet issued a decision. We anticipate that the entirety of any damage award will be satisfied by our liability insurance provider and a related $1.0 million receivable was recorded in our condensed consolidated financial statements.

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, it could materially adversely affect our business, financial condition or operating results. This report also contains forward-looking statements that involve risks and uncertainties. Our a ctual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report.

Risk Related to our Business

We need to enter into substantial additional financing arrangements to facilitate new customers' access to our solar energy systems, and 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 on competitive terms to help finance the deployment of our solar energy systems. We seek to minimize our cost of capital in order to maintain the price competitiveness of the electricity produced by, or the lease payments for, our solar energy systems. If we are unable to establish new investment funds when needed, or upon desirable terms, to enable our customers' access to our solar energy systems with little to no upfront cost to them, we may be unable to finance installation of our customers' systems or our cost of capital could increase, either of which would have a material adverse effect on our business, financial condition, results of operations and prospects. As of October 31, 2016, we had raised 17 investment funds to which investors such as banks and other large financial investors have committed to invest approximately $1.1 billion which will enable us to install solar energy systems of total fair market value approximating $2.8 billion. As of October 31, 2016, we had remaining residential tax equity commitments to fund approximately 4 megawatts of future deployments, which we estimate to be sufficient to fund solar energy systems with a total fair market value of approximately $15 million. 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. If we do not satisfy such conditions due to events related to our business or a specific investment fund or developments in our industry or otherwise, and as a result we are unable to draw on existing commitments, our inability to draw on such commitments could have a material adverse effect on our business, liquidity, financial condition and prospects. In addition to our inability to draw on the investors' commitments, we may incur financial penalties for non-performance, including delays in the installation process and interconnection to the power grid of solar energy systems and other factors. Based on the terms of the investment fund agreements, we will either reimburse a portion of the fund investor's capital or pay the fund investor a non-performance fee. For example, in October 2016, we paid a contractually agreed upon $1.8 million capital distribution to reimburse a fund investor a portion of its capital contribution primarily due to a delay in solar energy systems being interconnected to the power grid and other factors.

To meet the capital needs of our growing business, we will need to obtain additional financing from new investors and investors with whom we currently have arrangements. If any of the financial institutions that currently provide financing decide not to invest 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 financial institutions and companies to provide financing and negotiate new financing terms. In addition, the pendency of the SunEdison acquisition and the risks and uncertainties associated with it adversely affected the willingness of parties to enter into financing arrangements with us. This, combined with restrictions under the Merger Agreement on our ability to incur, assume or guarantee any indebtedness, or make any loans or advances to any other person, restricted our ability to raise additional capital during the pendency of the acquisition and our business may continue to be affected by the residual impact of these or similar factors. 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, du e 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 d elay expanding in existing markets or entering into new markets and hiring additional personnel in support of our planned growth. Any future delays in capital raising could similarly cause us to delay deployment of a substantial number of solar energy syst ems for which we have signed power purchase agreements or 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 a s 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 t han we currently experience in our existing investment funds, this could make it 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 requ isite financial sophistication that can benefit from and have significant demand for the tax benefits that our investment funds can 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, could impair our ability to accept new customers and could increase our borrowing costs, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects.

SunEdison's failure to complete the acquisition, and its subsequent bankruptcy filing, has affected and may in the future, materially and adversely affect our results of operations and stock price.

On July 20, 2015, we entered into an Agreement and Plan of Merger, or Merger Agreement, as amended by the Amendment to the Agreement and Plan of Merger, dated as of December 9, 2015, with SunEdison, Inc., or SunEdison, a Delaware corporation, and SEV Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of SunEdison, pursuant to which we were to have been acquired by SunEdison.

We delivered notice to SunEdison on February 26, 2016, and again on March 1, 2016, that, pursuant to the terms of the Merger Agreement, SunEdison was required to cause the closing of the acquisition to occur on February 26, 2016, and remained obligated to cause the closing to occur.

SunEdison's failure to cause the closing to occur was a breach of its covenants under the Merger Agreement. SunEdison's representatives subsequently informed us that SunEdison was unable to cause the closing to occur in the foreseeable future.

As a result of the foregoing and in accordance with and pursuant to our rights under the Merger Agreement, we terminated the Merger Agreement on March 7, 2016. On March 8, 2016, we filed suit in the Court of Chancery State of Delaware against SunEdison and SEV Merger Sub Inc. alleging that SunEdison willfully breached its obligations under the Merger Agreement. Due to SunEdison's bankruptcy filing on April 21, 2016, and the bankruptcy court's subsequent denial of our motion for relief from the automatic stay, our claim for damages for breach of the Merger Agreement is likely to be resolved by the bankruptcy court. While we believe that SunEdison willfully breached its obligations under the Merger Agreement and that our claims have merit and are likely to succeed, the outcomes of lawsuits are inherently unpredictable, and we may be unsuccessful in our claims. Moreover, due to the nature of bankruptcy proceedings, it is likely that the SunEdison bankruptcy estate will have insufficient assets to fully satisfy our claim, even if the claim is determined to be meritorious.

SunEdison's failure to close the acquisition presents other significant risks to us. In response to the announcement of the acquisition, and due to uncertainty regarding the closing of the acquisition, our existing or prospective customers or suppliers have or may have:

- delayed, deferred and may cease purchasing products or services from or providing products or services to us;
- delayed or deferred other decisions concerning us; or
- otherwise sought to change the terms on which they do business with us.

Additionally, due to these uncertainties and to SunEdison's required approvals, we ceased ce rtain employee actions such as hiring, terminating and reallocating personnel. Our employees and our management teams reallocated significant time to integration efforts. We deferred transitions to key IT systems as a standalone company. We were also cause d to defer and delay financing options, including acquiring additional investment funds and debt facilities, which has decreased our operational efficiency and effectiveness. Further, SunEdison withheld approval of power purchase agreement enhancements as a leverage tool, which further decreased our effectiveness in attracting and obtaining prospective customers. These delays and uncertainties have disrupted, and may continue to disrupt our business and adversely impact our results of operations as we conti nue to operate as a standalone company.

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 a significant number of our customers decide to buy solar energy because they want to pay less for electricity than what is offered by the traditional utilities. However, distributed residential solar energy has yet to achieve broad market adoption.

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

- construction of new power generation plants, including plants utilizing natural gas, nuclear, coal, renewable energy or other generation technologies;
- 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; and
- development of new energy generation technologies that provide less expensive energy.

A reduction in utility electricity costs would make the purchase of electricity under our power purchase agreements or the lease of our solar energy systems less economically attractive. 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, in the third quarter of 2016, we increased 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. To the extent that such views are reflected in government policy, the changes in such policies and regulations could adversely affect our results of operations, cost of capital and growth prospects.

In the United States, governments and the state public service commissions that determine utility rates continuously 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 cont racts with us. In addition, depending on the region, 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 electrici ty. Modifications to the utilities' peak hour pricing policies or rate design, such as to a flat rate, would make our current products less competitive with the price of electricity from the power grid. For example, the California Public Utilities Commissi on recently issued a decision that will transition residential rates over the next four years from a four-tiered structure to a two-tiered structure, with only a 25% differential between the two rates and a surcharge for very high energy users. It is possi ble that this change could have the effect of lowering the incentive for residential customers of California's large investor-owned utilities to reduce their purchases of electricity from their utility by supplying more of their own electricity from solar, and thereby reduce demand for our products. In addition, California is in the process of shifting to a time-of-use rate structure in the coming year. A shift in the timing of peak rates for utility-generated electricity to a time of day when solar energy generation is less efficient could make our solar energy system offerings less competitive and reduce demand for our offerings. The California Public Utilities Commission determined in January of 2016 that net metering customers taking service on the net e nergy metering (NEM) successor tariff will be required to take service on time-of-use rates. This transition occur red in 2016 for some of our potential customers. 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 process 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 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 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, the California Public Utilities Commission issued a decision in July 2015 that allowed utilities to impose a minimum $10 monthly bill for residential customers, approved the concept of fixed charges and will permit the utilities to propose such fixed charges again in 2018. A decision issued in January 2016 will allow new interconnection fees and additional non-by-passable charges to be assessed on customers taking service on California's net metering successor tariff. This will result in monthly charges being imposed on our customers in 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 as well as the state's net metering program. In connection with the latter proposal, the Arizona Corporation Commission is currently considering whether to adjust the net metering credit that customers receive for energy generated from solar energy systems located on their roofs. 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.

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 could adversely impact our business.

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

The federal government currently offers a 30% investment tax credit, or the ITC, under Section 48(a) of the Internal Revenue Code for the installation of certain solar power facilities; the 30% rate continues until December 31, 2019. By statute, the ITC is scheduled to decrease to 26% for 2020, 22% for 2021 and 10% of the fair market value of a solar energy system on January 1, 2022, and the amounts that fund investors are willing to invest could decrease or we may be required to provide a larger allocation of customer payments to the fund investors as a result o f this scheduled decrease. To the extent we have a reduced ability to raise investment funds as a result of this reduction, the rate of growth of installations of our residential solar energy systems could be negatively impacted. The ITC has been a signifi cant driver of the financing supporting the adoption of residential solar energy systems in the United States and its scheduled reduction beginning in 2020, unless modified by an intervening change in law, will significantly impact the attractiveness of so lar energy to these investors and could potentially harm our business.

Applicable authorities may adjust or decrease incentives from time to time or include provisions for minimum domestic content requirements or other requirements to qualify for these incentives. Reductions in, eliminations or expirations of or additional application requirements for, governmental incentives could adversely impact our results of operations and ability to compete in our industry by increasing our cost of capital, causing us to increase the prices of our energy and solar energy systems and reducing the size of our addressable market. In addition, this would adversely impact our ability to attract investment partners and to form new investment funds and our ability to offer attractive financing to prospective customers.

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

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

Forty-one states, Puerto Rico, the District of Columbia, American Samoa and the U.S. Virgin Islands have adopted some form of net metering. Each of the states where we currently serve customers has adopted some form of a net metering policy.

In recent years, net metering programs have been subject to regulatory scrutiny and legislative proposals in some states, such as Arizona, Californi a, Colorado, Hawaii, Nevada and Utah. In California, for example, after the earlier of July 1, 2017 or the date the applicable investor owned utility reaches its statutory net metering cap, customers will take service on a new net metering successor tariff. The net metering cap is measured based on the nameplate capacity of net metered systems within the applicable utility's service territory. Currently, the net metering caps for the three large investor-owned utilities are: 617 megawatts for San Diego Gas and Electric Company, or SDG&E; 2,240 megawatts for Southern California Edison Company; and 2,409 megawatts for Pacific Gas and Electric Company. As reflected in their September 30, 2016 reports required by statute, these investor-owned utilities have approximately 0%, 30% and 6%, respectively, of capacity remaining under their respective net metering caps. The statute providing the current caps also provides that, once the new net metering rules are effective, there will be no net metering caps applied to these utilities. During the nine months ended September 30, 2016, the net metering cap for SDG&E became fully subscribed. SDG&E is currently allowing net metering systems to interconnect under the NEM successor tariff. For the NEM successor tariff, the Commission largely upheld net metering in its current form with full retail compensation for exports and rejected utility requests to impose extremely high fixed and capacity charges. The Commission did allow the utilities to impose reasonable interconnection fees and some additional charges on customers, and will require such customers to take service on time-of-use rates. 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 such, as we continue to expand into areas with municipal utilities, we may be subject to greater risk of regulatory uncertainty.

On October 12, 2015, the Hawaii Public Utilities Commission issued an order closing the Hawaiian Electric Company's net metering program to new participants and replaced this program with two new options for customers to interconnect to the utilities' powe r grids, neither of which provides for compensation for exports at retail electricity rates. Solar advocates have filed suit challenging this order and seeking to enjoin its effectiveness.

In late 2015, the Nevada Public Utilities Commission voted in favor of a plan which limits export compensation to net metering customers and imposes high monthly fees on such customers. This order greatly reduced the economic benefit to Nevada customers of residential solar. Solar advocates have filed suit challenging this order and a ballot initiative intended to restore net metering is underway . Several other states plan to revisit their net metering policies in the coming years.

Presently, the Arizona Corporation Commission is considering proposals to adjust the net m etering credit that customers receive for energy generated from solar energy systems located on their roofs . The Arizona Corporation Commission is also considering a proposal from the Arizona Public Service Company to impose demand charges on residential c ustomers. These proposals pose the risk of a reduced value proposition for residential solar in Arizona.

If and when net metering caps in certain jurisdictions are reached while they are still in effect, the value of the credit that customers receive for net metering is significantly reduced, utility rate structures are altered, or fees are imposed on net metering customers, future customers may be unable to recognize the same level of cost savings associated with net metering that current customers enjoy. The absence of favorable net metering policies or of net metering entirely, or the imposition of new charges that only or disproportionately impact customers that use net metering would significantly limit customer demand for our solar energy systems and the electricity they generate and could adversely impact our business, results of operations and future growth. For example, shortly after expanding our operations into Nevada, the state's primary electric utility reached its net metering cap . As a result of the net metering cap being reached, we suspended operations in Nevada pending revisions to the net metering available in the state. This change is not expected to have any future impact on our business due to the short duration that we were active in Nevada.

Failure of anticipated growth in solar energy system sales to materialize as planned could negatively impact our operating results and cash flows.

Beginning in late 2015, we began offering to customers in select markets the option to purchase solar energy systems. We have historically offered our solar energy systems through our standard power purchase agreements or through long-term leases. Selling solar energy systems allows us to enter markets, such as those that prohibit third-party ownership of distributed solar energy systems or that lack a favorable net metering policy. While solar energy system sales have represented a relatively small portion of our business, we expect it to continue to grow. Industry analysts have indicated that the number of customer-owned solar energy systems has increased significantly relative to third-party ownership in certain markets and that solar energy system sales are expected to account for a larger percentage of total residential solar installations in the future. It is not certain that we will successfully execute our strategy to increase sales of solar energy systems. If customer preferences or the residential solar energy market continue to shift toward solar energy system sales, and we are not successful in our efforts, we may lose market share which could have an adverse effect on our business, operating results and growth prospects. Additionally, sales of solar energy systems through third-party loans or cash sales require less financing from financial institutions and participants in the tax equity market. To the extent we are unsuccessful in our efforts to sell solar energy systems, our operating cash flows would be negatively affected, and if we were unable to secure additional financing, our business and growth prospects would be adversely affected.

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

Technical and regulatory limits may curb our growth in certain key markets, which may also reduce our ability to retain employees in those markets. For example, the Federal Energy Regulatory Commission, in promulgating the first form small generator interconnection procedures, recommended limiting customer-sited intermittent generation resources, such as our solar energy systems, to a certain percentage of peak load on a given electrical feeder circuit. Similar limits have been adopted by many states as a de facto standard and could constrain our ability to market to customers in certain geographic areas where the concentration of solar installations exceeds this limit. For example, Hawaiian electric utilities have adopted certain policies that limit distributed electricity generation in parts of their service territories. In the first half of 2014, Hawaii was the second largest market in which we operated as measured by total installations. However, despite legislative and regulatory actions to allow further distributed electricity penetration, these limitations constrained growth of distributed residential solar energy in Hawaii in the second half of 2014 and beyond, and Hawaii has become a less important market to us as a result; which in turn resulted in the loss of employees located in that market who were not willing to relocate. While a recent Hawaii Public Utilities Commission order seeks to streamline the interconnection process, and while our growth in other markets has more than offset the impact of these limitations in Hawaii, if we experienced similar or other limitations on the deployment of solar energy systems, our business, operating results and growth prospects could be materially adversely affected. Furthermore, in certain areas, we benefit from policies that allow for expedited or simplified procedures related to connecting solar energy systems to the power grid. If such procedures are changed or cease to be available, our ability to sell the electricity generated by solar energy systems we install may be adversely impacted. As adoption of solar distributed generation rises along with the commercial operation of utility scale solar generation in key markets such as California, the amount of solar energy being fed into the power grid will surpass the amount planned for relative to the amount of aggregate demand. Some traditional utilities claim that in less than five years, solar generation resources may reach a level capable of producing an over-generation situation, which may require some solar generation resources to be curtailed to maintain operation of the power grid. While the prospect of such curtailment is somewhat speculative, particularly in the residential sector, the adverse effects of such curtailment without compensation could adversely impact our business, results of operations and future growth.

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

We have incurred operating losses since our inception. We incurred net losses of $253.3 million and $197.1 million for the year ended December 31, 2015 and the nine months ended September 30, 2016. We expect to continue to incur net losses from operations as we finance our operations, expand our installation, engineering, administrative, sales and marketing st affs, and implement internal systems and infrastructure to support our growth. Failure to grow at a sufficient rate to support these investments in personnel, systems and infrastructure, have adversely impacted and in the future could adversely impact our business and results of operations. Our ability to achieve profitability depends on a number of factors, including:

- growing our customer base;
- finding investors willing to invest in our investment funds;
- maintaining and further lowering our cost of capital;
- reducing the time between system installation and interconnection to the power grid, which allows us to begin generating revenue;
- reducing the cost of components for our solar energy systems; and
- reducing our operating costs by optimizing our sales, design and installation processes and supply chain logistics.

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

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

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

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

The success of our direct-selling channel efforts depends upon the recruitment, retention and motivation of a large number of sales personnel to compensate for a high turnover rate among sales personnel, which is a common characteristic of a direct-selling business. In order to grow our business, we need to recruit, train and retain sales personnel on a continuing basis. Sales personnel are attracted to direct-selling by competitive earnings opportunities and direct-sellers typically compete for sales personnel by providing a more competitive earnings opportunity than that offered by the competition. 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 incentive. For example, we have historically compensated our sales personnel on a commission basis, based on the size of the so lar energy systems they sell. Some sales personnel may prefer a compensation structure that also includes a salary and equity incentive component. Since the second quarter of 2016, our overall sales representative headcount has decreased due in part to increased competition for sales talent in our industry. We may need to adjust our compensation model to include such components, and these adjustments could adversely impact our operating results and financial performance.

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

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

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

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

We are not currently regulated as an electric utility under applicable law, but we may be subject to regulation as an electric utility in the future.

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

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

Retail sales of electricity by non-utilities such as us face regulatory hurdles in some states and jurisdictions, including states and jurisdictions that we intend to enter where the laws and regulatory policies have not historically embraced competition to the service provided by the incumbent, vertically integrated electric utility. Some of the principal challenges pertain to whether non-customer owned systems qualify for the same levels of rebates or other non-tax incentives available for customer-owned solar energy systems, whether third-party owned systems are eligible at all for these incentives and whether third-party owned systems are eligible for net metering and the associated significant cost savings. Furthermore, in some states and utility territories third parties are limited in the way that they may deliver solar to their customers. In jurisdictions such as Arizona, South Carolina, Utah and Los Angeles, California, laws have been interpreted to either prohibit the sale of electricity pursuant to our standard power purchase agreement or regulate entities making such sales, in some cases, such laws have led residential solar energy system providers to use leases in lieu of power purchase agreements. In other states, neither leases nor power purchase agreements are permissible or commercially feasible. Changes in law, 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 Internal Revenue Service 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 hav e reported in our fund tax returns, we may have to pay significant amounts to our investment funds, to our fund investors and/or the U.S. government. Such determinations could have a material adverse effect on our business, financial condition and prospect s.

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

Our ability to provide solar energy systems to customers on an economically viable basis depends on our ability to finance these systems with fund investors who require particular tax and other benefits.

Substantially all of our solar energy systems installed to date have been eligible for ITCs or U.S. Treasury grants, 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. If, for any reason, we were unable to continue to monetize those benefits through these arrangements, we may be unable to provide solar energy systems for new customers and maintain solar energy systems for new and existing customers on an economically viable basis. The availability of this tax-advantaged financing depends upon many factors, including:

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

Solar energy system owners are currently allowed to claim the ITC that is equal to 30% of the system's eligible tax basis, which is generally the fair market value of the system. By statute, the ITC is scheduled to decrease to 26% for 2020, 22% for 2021 and 10% on January 1, 2022. Moreover, potential fund investors must remain satisfied that the structures we offer qualify for the tax benefits associated with solar energy systems available to these investors, which depends both on the investors' assessment of tax law and the absence of any unfavorable interpretations of that law. Changes in existing law and interpretations by the IRS and the courts could reduce the willingness of fund investors to invest in funds associated with these solar energy system investments. It is not certain that this type of financing will continue to be available to us. Alternatively, new investment fund structures or other financing mechanisms may become available, and if we are unable to take advantage of these fund structures and financing mechanisms it may place us at a competitive disadvantage. If, for any reason, we are unable to finance solar energy systems through tax-advantaged structures or if we are unable to realize or monetize depreciation benefits, or if we are otherwise unable to structure investment funds in ways that are both attractive to investors and allow us to provide desirable pricing to customers, we may no longer be able to provide solar energy systems to new customers on an economically viable basis. This would have a material adverse effect on our business, financial condition, results of operations and prospects.

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 historically low levels. It is likely that interest rates will rise in the future, which would cause our costs of capital to increase.

Our investment funds contain arrangements which prov ide 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 o f 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, so that such distributions owed to us, or additional capital contributions made by us, can be redirected to the fund investor such that it achieves the targeted return. For example, in October 2016, we paid a contractually agreed upon $1.8 million capital distribution to reimburse a fund investor a portion of its capital contribution primarily due to a delay in solar energy systems being interconnected to the power grid and other factors.

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

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

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

In September 2014, we entered into an aggregation credit facility, which has subsequently been amended, pursuant to which we may borrow up to an aggregate of $375.0 million and, upon the satisfaction of certain conditions and the approval of the lenders, up to an aggregate of $175.0 million in additional borrowings. In March 2015, we entered into a revolving credit facility pursuant to which we may borrow up to an aggregate of $150.0 million. In March 2016 we entered into a term loan facility pursuant to which we may borrow up to an aggregate principal amount of $200.0 million. In August 2016, we entered into a term loan facility pursuant to which we may borrow up to an aggregate principal amount of $313.0 million. These credit facilities and term loan facilities restrict our ability to dispose of assets, incur indebtedness, incur liens, pay dividends or make other distributions to holders of our capital stock, repurchase our capital stock, make specified investments or engage in transactions with our affiliates. In addition, we do not have full access to the cash and cash equivalents held in our investments funds until distributed per the terms of the arrangements. We and our subsidiaries may incur substantial additional debt in the future and any debt instrument we enter into in the future may contain similar, or more onerous, restrictions. These restrictions could inhibit our ability to pursue our business strategies. 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 enter into new debt instruments on acceptable terms. If we are unable to satisfy financial covenants and other terms under existing or new instruments or obtain waivers or forbearance from our lenders or if we are unable to obtain refinancing or new financings for our working capital, equipment and other needs on acceptable terms if and when needed, our business would be adversely affected.

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

As of September 30, 2016, approximately 39% of our cumulative installations and 31% of our total offices were located in California. In addition, we expect future growth to occur in California, which could further concentrate our customer base and operational infrastructure. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in California and in other markets that may become similarly concentrated.

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

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

Additionally, due to our limited operating history, we do not have empirical evidence of the effect of our systems on the resale value of our customers' houses. Due to the length of our customer contracts, the system deployed on a customer's roof may be outdated prior to the expiration of the term of the customer contract reducing the likelihood of renewal of our contracts at the end of the 20-year term, and possibly increasing the occurrence of defaults. This could have an adverse effect on our business, financial condition, results of operations and cash flow. As a result, our limited operating history may impair our ability to accurately forecast our future performance and to invest accordingly.

We have identified a material weakness in our internal control over financial reporting relating to inadequate financial statement preparation and review procedures in connection with the preparation of our consolidated financial statements that resulted in the restatement of certain of our financial statements, and we may identify material weaknesses in the future .

In connection with the preparation, audits and interim reviews of our past consolidated financial statements, we and our independent registered public accounting firm identified a material weakness in internal control over financial reporting. Under standards established by the Public Company Accounting Oversight Board of the United States, a material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We previously reported a material weakness in internal control over financial reporting for the year ended December 31, 2014. This previously reported material weakness has not been fully remediated for the year ended December 31, 2015 or for the nine months ended September 30, 2016, and as a result, we continued to have deficiencies in our internal controls including those associated with the HLBV method of attributing net income or loss to non-controlling interests and redeemable non-controlling interests and with our financial statement close process.

The nature of our investment funds increases the complexity of our accounting for the allocation of net income (loss) between our stockholders and non-controlling interests under the HLBV method and the calculation of our tax provision. As we enter into additional investment funds, which may have contractual provisions different from those of our existing funds, the calculation under the HLBV method and the calculation of our tax provision could become increasingly complicated. This additional complexity could increase the chance that we experience additional errors in the future, particularly because we have a material weakness in internal controls. In addition, our need to devote our resources to addressing this complexity could delay or prolong our remediation efforts and thereby prolong the existence of the material weakness.

We have taken steps to remediate the underlying causes of the material weakness that was reported for the year ended December 31, 2014. We have hired a number of additional financial, accounting and tax personnel in addition to a director of internal audit to assist us in implementing and improving our existing internal controls and a chief information officer to assist us in improving our underlying information technology systems and to decrease our reliance on manual processes. We engaged third-party consultants to provide support over our accounting and tax processes to assist us with our evaluation of complex technical accounting matters. We engaged consultants to advise us on making further improvements to our internal controls over financial reporting. We believe that these additional resources will enable us to broaden the scope and quality of our controls relating to the oversight and review of financial statements and our application of relevant accounting policies. Furthermore, we continue to implement and improve systems to automate certain financial reporting processes and to improve information accuracy. These remediation efforts are still in process and have not yet been completed. Because of this material weakness, there is heightened risk that a material misstatement of our annual or quarterly financial statements will not be prevented or detected.

The actions that we are taking are subject to ongoing senior manage ment review as well as audit committee oversight. We are working diligently on this remediation process; however, we cannot estimate how long it will take to remediate this material weakness. In addition, the remediation steps we have taken, are taking and expect to take may not effectively remediate the material weakness, in which case our internal control over financial reporting would continue to be ineffective. We cannot guarantee that we will be able to complete our remedial actions successfully. Even if we are able to complete these actions successfully, these measures may not adequately address our material weakness. In addition, it is possible that we will discover additional material weaknesses in our internal control over financial reporting or tha t our existing material weakness will result in additional errors in or restatements of our financial statements.

If in future periods we determine that this material weakness has not been remediated or we identify other material weaknesses in internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective, which could result in the loss of investor confidence. In addition, to date, the audit of our consolidated financial statements by our independent registered public accounting firm has included a consideration of internal control over financial reporting as a basis of designing their audit procedures, but not for the purpose of expressing an opinion on the effectiveness of our internal controls over financial reporting. When we cease to be an emerging growth company we will be required to have our independent registered accounting firm perform such an evaluation, and additional material weaknesses or other control deficiencies may be identified.

If we are unable to successfully remediate our current material weakness or avoid or remediate any future material weakness, our stock price may be adversely affected and we may be unable to maintain compliance with applicable stock exchange listing requirements.

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 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 face competition from traditional regulated electric utilities, from less-regulated third party energy service providers 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. 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 an d 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 technol ogy 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 aestheti c or other objection to putting solar panels on their roofs.

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

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 growth and our ability to timely complete our customers' projects.

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

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

Because we are a licensed electrical contractor in every jurisdiction in which we operate, we are required to employ licensed electricians. As we expand into new markets, we are required to hire and/or contract with seasoned licensed ele ctricians 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 t o 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 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. In 2015 and in the nine months ended September 30, 2016, Trina Solar Limited, Yingli Green Energy Americas, Inc. and JinkoSolar Holding Co., Ltd. accounted for a substantial majority of our solar photovoltaic module purchases and Enphase Energy, Inc. and SolarEdge Technologies Inc. accounted for substantially all of our inverter purchases. If we fail to develop, maintain and expand our relationships with these or other 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. 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 currently experiencing rapid growth 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.

Recently, we have entered into multi-year agreements with certain of our major suppliers. These agreements are denominated in U.S. dollars. Since our revenue is also generated in U.S. dollars we are mostly insulated from currency fluctuations. However, since our suppliers often incur a significant amount of their costs by purchasing raw materials and generating operating expenses in foreign currencies, if the value of the U.S. dollar depreciates significantly or for a prolonged period of time against these other currencies this may cause our suppliers to raise the prices they charge us, which could harm our financial results. Since we purchase almost all of the solar photovoltaic modules we use from China, we are particularly exposed to exchange rate risk from increases in the value of the Chinese Renminbi. In addition, the U.S. government has imposed tariffs on solar cells produced and assembled in China and Taiwan. These tariffs, and any tariffs or duties, or shortages, delays, price changes or other limitation in our ability to obtain components or technologies we use could limit our growth, cause cancellations or adversely affect our profitability, and result in loss of market share and damage to our brand.

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

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

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

- the expiration or initiation of any rebates or incentives;
- significant fluctuations in customer demand for our offerings;
- our ability to complete installations and interconnect to the power grid in a timely manner;
- the availability and costs of suitable financing;
- the amount and timing of sales of SRECs;
- our ability to continue to expand our operations, and the amount and timing of expenditures related to this expansion;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in our pricing policies or terms or those of our competitors, including traditional utilities; and
- actual or anticipated developments in our competitors' businesses or the competitive landscape.

For these or other reasons, the results of any prior quarterly or annual periods should not be relied upon as indications of our future performance. In addition, our actual revenue, key operating metrics and other operating results in future periods may fall short of the expectations of investors and financial analysts, which could have an adverse effect on the trading price of our common stock.

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

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. Although industry experts indicate that solar panel and raw material prices will continue to decline, it is possible they will not decline at the same rate as they have over the past several years. In addition, while the solar panel market has recently seen an increase in supply, growth in the solar industry and the resulting increase in demand for solar panels and the raw materials necessary to manufacture them may put upward pressure on prices. These resulting prices could slow our growth and cause our financial results to suffer. In addition, in the past we have purchased virtually all of the solar panels used in our solar energy systems from manufacturers based in China which have benefited from favorable governmental policies by the Chinese government. If this governmental support were to decrease or be eliminated, our ability to purchase these products on competitive terms or to access specialized technologies from China could be restricted.

Even if this support were to continue, the U.S. government could impose additional tariffs on solar cells manufactured in China. In 2014, the U.S. government broadened its investigation of Chinese pricing practices in this area to include solar panels and modules produced in China containing solar cells manufactured in other countries. In July 2015, the U.S. government announced antidumping duties ranging from 9.67% to 238.95% on imports of the majority of solar panels made in China, and, in December 2014, rates ranging from 11.5% to 27.6% on imported solar cells made in Taiwan. Countervailing duties ranging from 15.43% to 49.8% for Chinese modules have also been announced, and in July 2015 were set at 20.94% for most Chinese modules. In January 2015, the an tidumping duties were confirmed by a determination of the U.S. International Trade Commission that material harm to the U.S. solar industry had occurred. These combined tariffs would make such solar cells less competitively priced in the United States, and the Chinese and Taiwanese manufacturers may choose to limit the amount of solar equipment they sell into the United States. As a result, it may be easier for solar cell manufacturers located outside of China or Taiwan to increase the prices of the solar c ells they sell into the United States. If we are required to pay higher prices, accept less favorable terms or purchase solar panels or other system components from alternative, higher-priced sources, our financial results will be adversely affected.

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

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 for a nominal fee if customers need to replace or repair their roofs. The nominal fee is market standard; however, it 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 at the end of its term. Furthermore, it is difficult to predict how future environmental regulations may affect the costs associated with the removal, disposal or recycling of our solar energy systems. If the 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. This could materially impair our future operating results and estimated retained value.

We act as the licensed general contractor for our customers and are subject to risks associated with construction, cost overruns, delays, regulatory compliance and other contingencies, any of which could have a material adverse effect on our business and results of operations.

We are a licensed contractor in every market we service and we are responsible for every customer installation. We are the general contractor, electrician, construction manager and installer for all our solar energy systems. We may be liable to customers for any damage we cause to their home, belongings or property during the installation of our systems. For example, we penetrate our customers' roofs during the installation process and may incur liability for the failure to adequately weatherproof such penetrations following the completion of installation of solar energy systems. 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, cost overruns, delays or other execution issues may cause us to not achieve our expected results or cover our costs for that project.

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

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

The installation of solar energy systems requires our employees to work at heights with complicated and potentially dangerous electrical systems and at potentially high temperatures. The evaluation and modification of buildings as part of the installation process requires our employees to work in locations that may contain potentially dangerous levels of asbestos, lead, mold or other materials known or believed to be hazardous to human health. We also maintain a fleet of over 800 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 the U.S. Occupational Safety and Health Act, or OSHA, the U.S. Department of Transportation, or 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. While we have not experienced a high level of injuries to date, 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.

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 power purchase agreement or lease during the length of the term of our customer contracts, which is typically 20 years. We also agree to warranty and maintain the solar energy systems we sell to customers for a period of 10 years. We are exposed to any liabilities arising from the systems' failure to operate properly and are generally under an obligation to ensure that each system remains in good condition during the term of the agreement. As part of our operations and maintenance work, we provide a pass-through of the inverter and panel manufacturers' warranty coverage to our customers, which generally range from 10 to 25 years. 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.

Beginning in 2014, we began structuring some customer contracts as solar energy system leases. To be competitive in the market and to comply with the requirements of jurisdictions where we offer leases, our solar energy system leases contain a performance guarantee in favor of the lessee. Leases with performance guarantees require us to refund money to the lessee if the solar energy system fails to generate a stated minimum amount of electricity in a 12-month period. We may also suffer financial losses associated with such refunds if significant performance guarantee payments are triggered.

Our failure to accurately predict future liabilities related to material quality or performance expenses could result in unexpected volatility in our financial condition. Because of the limited operating history of our solar energy systems, compared to their long estimated useful life, we have been required to make assumptions and apply judgments regarding a number of factors, including our anticipated rate of warranty claims, and the durability, performance and reliability of our solar energy systems. We have made these assumptions based on the historic performance of similar systems or on accelerated life cycle testing. Our assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial expense to repair or replace defective solar energy systems in the future or to compensate customers for systems that do not meet their performance guarantees. Equipment defects, serial defects or operational deficiencies also would reduce our revenue from customer contracts because the customer payments under such agreements are dependent on system production or would require us to make refunds under performance guarantees. Any widespread product failures or operating deficiencies may damage our market reputation and adversely impact our financial results.

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

We typically provide a workmanship warranty for periods of five to 20 years to our investment funds for every system we sell to them. We are also generally contractually obligated to cover the cost of maintenance, repair and billing on any solar energy systems that we sell or lease to our investment funds. We are subject to a maintenance services agreement under which we are required to operate and maintain the system, and perform customer billing services for a fixed fee that is calculated to cover our future expected maintenance and servicing costs of the solar energy systems in each investment fund over the term of the lease or power purchase agreement with the covered customers. If our solar energy systems require an above-average amount of repairs or if the cost of repairing systems were higher than our estimate, we would need to perform such repairs without additional compensation. If our solar energy systems, a majority of which are located in California, are damaged in the event of a natural disaster beyond our control, such as an earthquake, 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 with industry standard coverage and limits approved by the investor's third-party insurance advisors to hedge against such risk, but such coverage may not cover our losses, and we have not acquired such coverage for all of our funds.

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

If one of our solar energy systems injured someone, we could be exposed to product liability claims. In addition, it is possible that our products could injure our customer or third parties, or 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 claim we face could be expensive to defend and divert management's attention. The successful assertion of product liability claims against us could result in potentially significant monetary damages, penalties or fines, increase our insurance rates, subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems and other products. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions to the industry as a whole, and may have an adverse effect on our ability to attract new customers, thus affecting our growth and financial performance.

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

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

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

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

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

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

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

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

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

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

We have experienced growth in recent periods with the cumulative capacity of our solar energy systems growing from 458.9 megawatts as of December 31, 2015 to 634.0 megawatts as of September 30, 2016, and we intend to continue to expand our business within existing markets and in a number of new locations in the future. This growth has placed, and any future growth may place, a significant strain on our management, operational and financial infrastructure. In particular, we will be required to expand, train and manage our growing employee base and scale and otherwise improve our IT infrastructure in tandem with that headcount growth. Our management will also be required to maintain and expand our relationships with customers, suppliers and other third parties and attract new customers, suppliers and financing, as well as manage multiple geographic locations.

In addition, our current and planned operations, personnel, IT and other systems and procedures might be inadequate to support our future growth and may require us to make additional unanticipated investments in our infrastructure. Our success and ability to further scale our business will depend, in part, on our ability to manage these changes in a cost-effective and efficient manner.

If we cannot manage our 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 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 growth could adversely impact our business and reputation.

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

We acquired Solmetric Corporation in January 2014 and in the future we may acquire additional companies, project pipelines, products or technologies or enter into joint ventures or other strategic initiatives. We may not realize the anticipated benefits of this acquisition or any other future acquisition, and any acquisition has numerous risks. These risks include the following:

- difficulty in assimilating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies or products with our current technologies;
- difficulty in maintaining controls, procedures and policies during the transition and integration;
- disruption of our ongoing business and distraction of our management and employees from other opportunities and challenges due to integration issues;
- difficulty integrating the acquired company's accounting, management information and other administrative systems;
- inability to retain key technical and managerial personnel of the acquired business;

- inability to retain key customers, vendors and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results;
- potential failure of the due diligence processes to identify significant issues with product quality, intellectual property infringement and other legal and financial liabilities, among other things;
- potential inability to assert that internal controls over financial reporting are effective; and
- potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities, which could delay or prevent such acquisitions.

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

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

We are highly dependent on the efforts and abilities of the principal members of our senior management team, and the loss of one or more key executives could have a negative impact on our business. On May 2, 2016, our board of directors accepted the resignation of Greg Butterfield as our chief executive officer and president and appointed David Bywater as interim chief executive officer. As a result of this change and the subsequent departures of additional senior management, we may experience disruption in our business. No assurances can be made about the impact that this management change or other recent management changes will have on our company nor our ability to successfully identify and recruit a permanent chief executive officer.

We also depend on our ability to retain and motivate key employees and attract qualified new employees. No assurances can be made about the effect our recent management change will have on employee morale, or our ability to retain key 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. In the year ended December 31, 2015, one-third of the outstanding options to purchase shares of our common stock granted to our key executives and other employees under our 2013 Omnibus Incentive Plan vested. In addition, one-third of the options remained outstanding and will vest annually over three years, or immediately if 313 Acquisition LLC receives a return on its invested capital at a pre-established threshold. As a result, the retention incentives associated with these options could lapse for all employees holding these options under our 2013 Omnibus Incentive Plan at the same time. This decrease in retention incentive could cause significant turnover after these options vest. 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.

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

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing requirements of the New York Stock Exchange, or NYSE, and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs, made some activities more difficult, time-consuming or costly and increased demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results and maintain effective disclosure controls and procedures and internal control over financial reporting. To maintain and improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight are required. As a result, management's attention may be diverted from other business concerns which could harm our business and operating results. If in the future, 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 Securities and Exchange Commission, or the SEC, or other regulatory authorities, which would require additional financial and management resources.

Being a public company has also made it more expensive for us to obtain director and officer liability insurance, and in the future, we may be required to accept reduced coverage or incur substantially higher costs to continue coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our board of directors, particularly to serve on our audit committee and compensation committee.

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

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

The energy produced and revenue and cash receipts generated by a solar energy system depend on suitable solar, atmospheric and weather conditions, all of which are beyond our control. Furthermore, components of our systems, such as panels and inverters, could be damaged by severe weather, such as hailstorms or lightning. 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 consumers and our investors. If the systems underperform for any reason, our financial results could suffer. Sustained unfavorable weather also could delay our installation of solar energy systems, leading to increased expenses and decreased revenue and cash receipts in the relevant periods. We have experienced seasonal fluctuations in our operations. For example, the amount of revenue we recognize in a given period from power purchase agreements is dependent in part on the amount of energy generated by solar energy systems under such contracts. As a result, operating leases and incentives revenue is impacted by seasonally shorter daylight hours in winter months. In addition, our ability to install solar energy systems is impacted by weather. For example, we have limited ability to install solar energy systems during the winter months in the Northeastern United States. 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 rapidly

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, mak ing 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 overall or make individual systems less economical. Any of these events o r conditions could harm our business, financial condition, results of operations and prospects.

Disruptions to our solar monitoring systems could negatively impact our revenues and increase our expenses.

Our ability to accurately charge our customers for the energy produced by our solar energy systems depends on customers maintaining a broadband internet connection so that we may receive data regarding solar energy systems 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. We have in the past experienced periods where some of our customers' networks have been unavailable and, as a result, we have been forced to estimate the production of their solar energy systems. Such estimates may prove inaccurate and could cause us to underestimate the power being generated by our solar energy systems and undercharge our customers, thereby harming our results of operations.

We are exposed to the credit risk of our customers.

Our solar energy customers primarily purchase energy or lease solar energy systems from us pursuant to one of two types of long-term contracts: a power purchase agreement or a lease. The power purchase agreement and lease terms are typically for 20 years, and require the customer to make monthly payments to us. Accordingly, we are subject to the credit risk of our customers. As of September 30, 2016, the average FICO score of our customers was approximately 760. However, as we grow our business, the risk of customer defaults could increase. Our reserve for this exposure is estimated to be $1.6 million as of September 30, 2016, and our future exposure may exceed the amount of such reserves.

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 substantially 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 residential 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 solar installations. 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.

For example, Arizona recently enacted statutes that require increased disclosures and acknowledgements in any agreement governing the financing, sale or lease of distributed energy systems, such as our solar energy systems. S.B. 1465, which took effect on December 31, 2015, required us to amend the standard legal-form lease we provide customers in Arizona to, among other things, include an acknowledgement by the customer of any restrictions on the ability to transfer ownership of the solar energy system or underlying property and provide contact information for any party that has the right to review or approve such a transfer. S.B. 1417, which took effect on August 6, 2016, requires, among other things, that we add additional customer acknowledgments of disclosures that already appear in our customer agreements (e.g., the customer's right to cancel within three business days, the description of major solar energy system components, and certain payment details). Legislation proposed in California would require similar additional disclosures and potential new regulation of our industry.

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 inconsist ent from one jurisdiction to another and may conflict with other rules or our practices. For example, members of the U.S. House of Representatives have sent letters to the Consumer Financial Protection Bureau , or CFPB, and the Federal Trade Commission, or FTC, requesting that these agencies investigate the sales practices of companies providing solar energy system leases to residential consumers. Earlier this year, t he FTC held a public workshop on competition and consumer protection issues relating to the residential solar industry, and we perceive the potential for additional regulatory scrutiny of the industry . While we believe our standard sales practices and policies comply with all applicable laws and regulations, if the CFPB or FTC or other regulators or agencies were to initiate an investigation against us or enact regulations relating to the marketing of so lar leases to residential consumers, responding to such investigation or complying with such regulations could require us to modify our operations and incur significant additional expenses, which could have an adverse effect on our business, financial cond ition and results of operations or could reduce the number of our potential customers.

Additionally, we cannot ensure that our sales force will comply with our standard practices and policies, and any such non-compliance which violates applicable laws or regulations could also expose us to claims, proceedings, litigation, investigations, and/or enforcement actions by private parties and regulatory authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business. We have incurred, and will continue to incur, significant expenses to comply with such laws and regulations.

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

Unauthorized use or disclosure of, or access to, any personal information maintained by us or on our behalf, whether through breach of our systems, breach of the systems of our suppliers or vendors, including Vivint, by an unauthorized party, or through employee or contractor error, theft or misuse, or otherwise, could harm our business. If any such unauthorized use or disclosure of, or access to, such personal information were to occur, 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 the unauthorized access to, or use or disclosure of, personal information. Finally, any perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business, financial condition and results of operations.

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

We are, and may in the future become, party to litigation. For examples, see the section captioned "Item 1. Legal Proceedings." While we intend to defend against these actions vigorously, the ultimate outcomes of these cases are presently not determinable as they are in a preliminary phase. In general, litigation claims can be expensive and time consuming to bring or defend against, may result in the diversion of management attention and resources from our business and business goals and could result in settlements or damages that could significantly affect financial results and the conduct of our business. It is not possible to predict the final resolution of the litigation to which we currently are or may in the future become party, and the impact of certain of these matters on our business, prospects, financial condition, liquidity, results of operations and cash flows.

Risks Related to our Relationship with Vivint

Vivint provides us with certain information technology support for our business. If Vivint fails to perform its obligations to us or if we do not find appropriate replacement services, we may be unable to perform these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us.

We have historically relied on the technical support of Vivint to run our business. Some of the Vivint resources we are using include information technology and infrastructure and certain other services. The implementation of new software support systems requires significant management time, support and cost, and there are inherent risks associated with implementing, developing, improving and expanding our core systems. We cannot be sure that these systems will be fully or effectively implemented on a timely basis, if at all. If we do not successfully implement these systems, our operations may be disrupted and our operating results could be harmed. In addition, the new systems may not operate as we expect them to, and we may be required to expend significant resources to correct problems or find alternative sources for performing these functions.

In order to successfully transition to our own systems and operate as a standalone business, we entered into various agreements with Vivint in connection with our public offering. These include a master framework agreement providing the overall terms of the relationship and a transition services agreement detailing various information technology services that Vivint will provide. Vivint will provide each service until we agree that support from Vivint is no longer required for that service. The information technology services provided under the transition services agreement may not be sufficient to meet our needs and we may not be able to replace these services at favorable costs and on favorable terms, if at all. Any failure or significant downtime in our own financial or administrative systems or in Vivint's financial or administrative systems during the transition period and any difficulty in separating our information technology services from Vivint's information technology services and integrating newly developed or acquired information technology services into our business could result in unexpected costs, impact our results or prevent us from paying our suppliers and performing other technical, administrative and information technology services on a timely basis and could materially harm our business, financial condition, results of operations and cash flows.

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

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

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

We have entered into certain agreements with Vivint. Pursuant to the terms of the Non-Competition Agreement we have entered into with Vivint, we and Vivint each define our areas of business and our competitors, and agree not to directly or indirectly engage in the other's business for three years. This agreement may limit our ability to pursue attractive opportunities that we may have otherwise pursued.

Additionally, this agreement prohibits, for a period of five years, either Vivint or us from soliciting for employment any member of the other's executive or senior management team, or any of the other's employees who primarily manage sales, installation or services of the other's products and services. The commitment not to solicit each other's employees lasts for 180 days after such employee finishes employment with us or Vivint. Historically, we have recruited a majority of our sales personnel from Vivint. This agreement may require us to obtain personnel from other sources, and may limit our ability to continue scaling our business if we are unable to do so. Notwithstanding the above, a number of sales representatives work for both Vivint and us. To the extent there is any confusion concerning the relationship between us and Vivint with respect to the products and services we offer and the products and services of Vivint, such sales representatives could expose us to increased claims, proceedings, litigation and investigations by consumers and regulatory authorities. In addition, having sales representatives who work for both Vivint and us could distract such sales representatives, impact the effectiveness of our sales force, and potentially increase the turnover of our existing sales representatives who may feel displaced by the addition of Vivint sales representatives to our sales force.

Pursuant to the terms of the Marketing and Customer Relations Agreement we have entered into with Vivint, we and Vivint are required to compensate one another for sales leads that result in sales. Vivint may direct sales le ads to other solar energy companies in markets in which we have not entered. However, once we enter a market, Vivint must exclusively direct to us all leads for customers and potential customers with an interest in solar energy. Vivint's ability to sell le ads to other solar energy providers in markets where we are not currently operating may adversely affect our ability to scale rapidly if we subsequently enter into such market as many of Vivint's customers with solar energy inclinations may have already be en referred to another company by the time we enter into such market. Additionally, even in markets in which we currently operate, there can be no assurances regarding how many leads Vivint will be able to generate, or that such leads will successfully res ult in a signed power purchase agreement, lease or solar energy system sale.

We may not be able to resolve any potential conflicts relating to these agreements or otherwise, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party. In addition, we have indemnification obligations under the intercompany services agreements we 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. For example, from our initial public offering to September 30, 2016, the closing price of our common stock has ranged from a high of $16.01 to a low of $2.22. Our stock price could continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include:

- our financial condition and the availability and terms of future financing;
- changes in laws or regulations applicable to our industry or offerings;
- additions or departures of key personnel;
- the failure of securities analysts to cover our common stock;
- actual or anticipated changes in expectations regarding our performance by investors or securities analysts;
- securities litigation involving us;
- price and volume fluctuations in the overall stock market;
- volatility in the market price and trading volume of companies in our industry or companies that investors consider comparable;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- our ability to protect our intellectual property and other proprietary rights;
- sales of our common stock by us or our stockholders;
- the expiration of contractual lock-up agreements;
- litigation or disputes involving us, our industry or both;
- major catastrophic events;
- general economic and market conditions;
- changes in senior management such as the recent resignation of our former chief executive officer and appointment of an interim chief executive officer; and
- potential acquisitions.

Further, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. In addition, the stock prices of many renewable energy companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may cause the market price of our common stock to decline. If the market price of our common stock decreases, investors may not realize any return on investment and may lose some or all of their investments.

In the past, companies that have experienced volatility in the market price of thei r stock have been subject to securities class action litigation. We are currently subject to two putative class action lawsuits, subsequently consolidated into an amended complaint, filed in the U.S. District Court for the Southern District of New York, al leging certain misrepresentations by us in connection with our initial public offering. We may become the target of additional securities litigation in the future, which could result in substantial costs and divert our management's attention from other bus iness concerns, which could seriously harm our business.

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

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies" including, but not limited to, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have utilized, and we plan in future filings with the SEC to continue to utilize, the modified disclosure requirements available to emerging growth companies. As a result, our stockholders may not have access to certain information they may deem important.

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

We could remain an ''emerging growth company'' for up to five years, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenue exceeds $1 billion, (2) the date that we become a ''large accelerated filer'' as defined in Rule 12b-2 under the Exchange Act, which would occur if we become a seasoned issuer and the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (3) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

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

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

As of September 30, 2016, we had 109.9 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, 1.1 million shares of our common stock reserved for future issuance under our Long-Term Incentive Plan were issued, vested and became immediately tradable without restriction. Approximately 2.7 million additional shares of our common stock reserved for future issuance under our Long-Term Incentive Plan will issue, vest and be immediately tradable without restriction on the date that The Blackstone Group L.P., our sponsor, and its affiliates achieve specified returns on their invested capital. For more information regarding the shares reserved under our Long-Term Incentive Plan see the "Equity Compensation Plans" footnote in our annual report on form 10-K for the year ended December 31, 2015.

Further, options to purchase 6.2 million shares of common stock remained outstanding as of September 30, 2016, with 2.0 million of those shares being vested and exercisable as of September 30, 2016. The remaining 4.2 million shares that are not yet vested are subject to ratable time-based vesting over three to five years. All shares subject to time-based vesting will become immediately tradable once vested. As of September 30, 2016, 7.8 million restricted stock units remained outstanding, of which 6.0 million are subject to ratable time-based vesting over one to four years and 1.8 million vest over one to four years subject to individual participants' achievement of quarterly or annual performance goals.

Stockholders owning an aggregate of 84.7 million shares of our common stock are entitled, under contracts providing for registratio n 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. On October 1, 2014, we filed a registration statement on Form S-8 to register 22.9 million shares pr eviously issued or reserved for future issuance under our equity compensation plans and agreements. Upon effectiveness of this registration statement, subject to the satisfaction of applicable exercise periods, the shares of common stock issued upon exerci se of outstanding options 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 fu ture 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 September 30, 2016, 313 Acquisition LLC, which is controlled by our sponsor and its affiliates, beneficially owned approximately 75% of our common stock. Moreover, under our organizational documents and the stockholders agreement with 313 Acquisition LLC, for so long as our existing owners and their affiliates retain significant ownership of us, we will agree to nominate to our board individuals designated by our sponsor, whom we refer to as the sponsor directors. In addition, for so long as 313 Acquisition LLC continues to own shares representing a majority of the total voting power, we will agree to nominate to our board individuals appointed by Summit Partners and Todd Pedersen. Even when our sponsor and its affiliates and certain of its co-investors cease to own shares of our stock representing a majority of the total voting power, for so long as our sponsor and its affiliates continue to own a significant percentage of our stock our sponsor will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval. In addition, under the stockholders agreement, affiliates of our sponsor will have consent rights with respect to certain actions involving our company, provided a certain aggregate ownership threshold is maintained collectively by our sponsor and its affiliates, together with Summit Partners, Todd Pedersen and Alex Dunn and their respective affiliates. Accordingly, for such period of time, our sponsor and certain of its co-investors will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. In particular, for so long as our sponsor and its affiliates continue to own a significant percentage of our stock, our sponsor will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive investors of an opportunity to receive a premium for shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

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

We have elected to take advantage of the "controlled company" exemption to the corporate governance rules for NYSE-listed companies, which could make our common stock less attractive to some investors or otherwise harm our stock price.

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

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

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

- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- authorizing "blank check" preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt;
- limiting the ability of stockholders to call a special stockholder meeting;
- limiting the ability of stockholders to act by written consent;
- providing that the board of directors is expressly authorized to make, alter or repeal our bylaws;
- establishing advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- requiring our sponsor to consent to certain actions, as described under the section of our 2015 Proxy Statement captioned "Related Party Transactions—Agreements with Our Sponsor," for so long as our sponsor, Summit Partners, Todd Pedersen and Alex Dunn or their respective affiliates collectively own, in the aggregate, at least 30% of our outstanding shares of common stock;
- the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class, if Blackstone and its affiliates beneficially own, in the aggregate, less than 30% in voting power of the stock of our company entitled to vote generally in the election of directors; and
- that certain provisions may be amended only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of our company entitled to vote thereon, voting together as a single class, if Blackstone and its affiliates beneficially own, in the aggregate, less than 30% in voting power of the stock of our company entitled to vote generally in the election of directors.

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

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

Item 1B. Unresolved Staff Comments

Since September 22, 2016, we have had ongoing discussions via the comment letter process with the Staff of the U.S. Securities and Exchange Commission (the "Staff") concerning the Staff's review of our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for period ended June 30, 2016. There is one unresolved comment relating to the Staff's request for additional information regarding the activities required to be performed by the Company in order to apply for and receive ITCs with respect to a solar energy system. On November 4, 2016, we submitted our response to the SEC regarding this comment. As of November 8, 2016, we are still waiting for a response from the SEC. We are continuing to diligently work with the SEC to clear the unresolved comment.

Item 6. Exhibits

10.1 †	Credit Agreement, dated as of August 4, 2016, Vivint Solar Financing II, LLC, as Borrower, Investec Bank PLC, as Administrative Agent, Issuing Bank, Joint Bookrunner and Joint Lead Arranger, ING Capital LLC, Silicon Valley Bank and SunTrust Robinson Humphrey, Inc., as Joint Bookrunners and Joint Lead Arrangers, BankUnited, N.A. and Deutsche Bank AG, New York Branch, as Joint Lead Arrangers, ING Capital LLC and Suntrust Bank as Co-Syndication Agents, and Silicon Valley Bank as Documentation Agent
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	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	The Certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Vivint Solar, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.
†	Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

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: November 8, 2016

/s/ David Bywater

David Bywater
Interim Chief Executive Officer
(Principal Executive Officer)

Date: November 8, 2016

/s/ Dana Russell

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

Exhibit 10.1

Certain portions of this document have been omitted pursuant to a request for Confidential Treatment and, where applicable, have been marked with "[***]" to indicate where omissions have been made. The confidential material has been filed separately with the Securities and Exchange Commission.

CREDIT AGREEMENT

among

VIVINT SOLAR FINANCING II, LLC,

as Borrower,

INVESTEC BANK PLC,

as Administrative Agent,

INVESTEC BANK PLC,

as Issuing Bank,

and

The Lenders From Time to Time Party Hereto

dated as of August 4, 2016

INVESTEC BANK PLC,

ING CAPITAL LLC,

SILICON VALLEY BANK and

SUNTRUST ROBINSON HUMPHREY, INC.,

Joint Bookrunners and Joint Lead Arrangers

BANKUNITED, N.A. and

DEUTSCHE BANK AG, NEW YORK BRANCH

Joint Lead Arrangers

ING CAPITAL LLC
and
SUNTRUST BANK,
Co-Syndication Agents

SILICON VALLEY BANK
Documentation Agent

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Table of Contents

EXHIBITS, SCHEDULES and ANNEXES

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

CREDIT AGREEMENT, dated as of August 4, 2016 (this " Agreement "), among Vivint Solar Financing II, LLC, a Delaware limited liability company (the " Borrower "), the financial institutions as Lenders from time to time party hereto (each individually a " Lender " and, collectively, the " Lenders "), Investec Bank plc, as Administrative Agent for the Lenders (in such capacity, and together with its successors and permitted assigns, the " Administrative Agent ") and Investec Bank plc, as Issuing Bank (in such capacity, and together with its successors and permitted assigns, the " Issuing Bank ").

RECITALS

WHEREAS, Vivint Solar, Inc., a Delaware corporation (the " Sponsor "), indirectly owns 100% of the membership interests in Vivint Solar Financing II Parent, LLC, a Delaware limited liability company (" Pledgor ");

WHEREAS, Pledgor owns 100% of the membership interests in the Borrower;

WHEREAS, the Borrower owns 100% of the membership interests in each of the Partnership Flip Guarantors, each of the Inverted Lease Guarantors and the SREC Guarantor;

WHEREAS, each Partnership Flip Guarantor owns 100% of the Fund Manager Membership Interests in each Partnership Flip Fund and each Inverted Lease Guarantor owns 100% of the Fund Manager Membership Interests in each Inverted Lease Fund;

WHEREAS, each of the Partnership Flip Funds and the Inverted Lease Funds owns or leases certain residential photovoltaic systems that are the subject of a Customer Agreement, whereby the Customer thereunder either purchases Energy produced by the system or leases the system; and

WHEREAS, the Borrower desires that the Term Lenders make a loan in an aggregate principal amount equal to the Term Loan Commitment, and the other Lenders and Issuing Bank hereto provide the other financial accommodation contemplated herein, secured and supported by, among other things, the Cash Diversion Guaranty, a guaranty from each of the Guarantors and all other Property and Assets of the Guarantors and Membership Interests of the Subsidiaries, as set forth herein and in the other Loan Documents.

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements, and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower, the Administrative Agent and the Lenders hereby agree as follows:

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

ARTICLE I
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions . Except as otherwise specified in this Agreement or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Agreement (including in the Recitals hereto).

" Acceptable Audit Election Provision " means, with respect to a Tax Equity Fund, a provision contained in the applicable Limited Liability Company Agreement that provides, if such Tax Equity Fund receives a notice of final partnership administrative adjustment that would, with the passing of time, result in an "imputed underpayment" imposed on such Tax Equity Fund as that term is defined in Code Section 6225, then, any member may, or may cause such Tax Equity Fund (by directing the "tax representative" or otherwise), and no other member shall have any right to block such member's request, (x) to elect pursuant to Code Section 6226 (as amended by the Budget Act) to make inapplicable to such Tax Equity Fund the requirement in Code Section 6225 (as amended by the Budget Act) to pay the "imputed underpayment" as that term is used in that section and (y) to comply with all of the requirements and procedures required in connection with such election.

" Acceptable Bank " shall mean any bank, trust company or other financial institution which is organized or licensed under the applicable Laws of the United States of America or Canada or any state, province or territory thereof which has a tangible net worth of at least five hundred million Dollars ($500,000,000) and has at least two of the following Credit Ratings: "A-" or better by S&P, "A3" or better by Moody's and "A-" or better by Fitch.

" Acceptable DSR Guarantee " shall have the meaning given to such term in the Depository Agreement.

" Acceptable DSR Letter of Credit " shall have the meaning given to such term in the Depository Agreement.

" Additional Expenses " shall mean indemnification payments to the Administrative Agent, the Lenders, the Depository Agent, and certain other persons related to the same as described under the Loan Documents. For the avoidance of doubt, Additional Expenses shall not include Service Fees or amounts payable to the Manager under the Management Agreement.

" Additional Reserve Account " shall have the meaning given to it in the Depository Agreement.

" Administrative Agent " shall have the meaning given to such term in the preamble hereto, and include any successor Administrative Agents pursuant to Section 10.06 .

" Administrative Agent DSCR Comments " shall have the meaning given to such term in Section 5.01(a)(v) .

" Administrative Agent's Office " shall mean the Administrative Agent's address and, as appropriate, account as set forth on Schedule IV , or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

" Administrative Questionnaire " shall mean an administrative questionnaire in the form furnished by the Administrative Agent.

" Affiliate " shall mean, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, " control " when used with respect to any Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms " controlling " and " controlled " shall have meanings correlative to the foregoing. For the avoidance of doubt, each of the Relevant Parties shall be an Affiliate of the other Relevant Parties and the Sponsor. In no event shall (a) the Administrative Agent be considered an Affiliate of another Person solely because any Loan Document contemplates that it shall act at the instruction of any such Person or such Person's Affiliate, or (b) any Tax Equity Member be considered an Affiliate of a Relevant Party. The term "Affiliate", in relation to Investec Bank plc and Investec Inc., shall be deemed to include Investec Bank Ltd and Investec plc.

" Affiliate Transaction " shall have the meaning given to such term in Section 6.16 .

" Affiliated Lender " shall have the meaning given to such term in Section 11.05(b)(v).

" Agents " shall mean, collectively, the Administrative Agent, the Collateral Agent and the Depository Agent.

" Aggregation Facility " shall mean the Amended and Restated Loan Agreement dated as of September 12, 2014, as amended and restated as of November 25, 2015, as amended by Amendment No. 1, dated December 9, 2015, Amendment No. 2, dated January 15, 2016 and Amendment No. 3, dated March 7, 2016 by and among Aggregation Facility Borrower, Vivint Solar Holdings, Inc., the guarantors party thereto, the lenders party thereto, and Bank of America, N.A., as collateral and administrative agent, as amended, modified, supplemented or restated from time to time.

" Aggregation Facility Borrower " shall mean Vivint Solar Financing I, LLC, a Delaware limited liability company.

" Aggregation Facility Collateral Agent " shall mean Bank of America, N.A.

" Aggregator SRECs " shall mean the SRECs transferred from a Fund to SREC Guarantor pursuant to the Mia SREC Transfer Agreement, Aaliyah SREC Transfer Agreement, Rebecca SREC Transfer Agreement, Elyse SREC Transfer Agreement, Fund XII SREC Transfer Agreement and Fund X SREC Transfer Agreement (as such terms are defined in Schedule 4.22(a)).

" Agreement " shall have the meaning given to such term in the preamble hereto.

" Amortization Schedule " shall have the meaning given to such term in Section 3.05(d) .

" Anti-Corruption Laws " shall have the meaning given to such term in Section 4.20(c) .

" Anti-Money Laundering Laws " shall have the meaning given to such term in Section 4.20(b) .

" Applicable Margin " shall mean from the Closing Date through (but excluding) the fourth anniversary of the Closing Date, 3.00% per annum and, from and after fourth anniversary of the Closing Date, 3.25% per annum.

" Approved Fund " shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

" Approved Manufacturer " shall mean any manufacturer on the Approved Vendor List.

" Approved Vendor List " shall mean the list of approved panel and inverter manufacturers set forth on Schedule B approved by the Administrative Agent in consultation with the Independent Engineer, which may be modified from time to time subject to the approval of the Administrative Agent in consultation with the Independent Engineer.

" Assets " shall mean, with respect to any Person, all right, title and interest of such Person in land, Properties, buildings, improvements, fixtures, foundations, assets and rights of any kind, whether tangible or intangible, real, personal or mixed, including contracts, equipment, systems, books and records, proprietary rights, intellectual property, Permits, rights under or pursuant to all warranties, representations and guarantees, cash, accounts receivable, deposits and prepaid expenses.

" Assignment and Assumption " shall mean an assignment and assumption entered into by a Lender and an assignee lender (with the consent of any party whose consent is required by Section 11.05), and accepted by the Administrative Agent, in substantially the form of Exhibit B or any other form approved by the Administrative Agent.

" Authorized Officer " shall mean (a) in relation to any Relevant Party, for so long as the Management Agreement is in full force and effect, any officer of the Manager who is authorized to act for the Manager in matters relating to the Borrower and the Subsidiaries and to be acted upon by the Manager pursuant to the Management Agreement, and who is identified on the list of Authorized Officers delivered by the Borrower to the Administrative Agent on the Closing Date (as such list may be modified or supplemented from time to time thereafter by

delivery to the Administrative Agent of a duly executed officer's certificate and an incumbency certificate of the Borrower) and (b) in relation to any Relevant Party or the Sponsor, any director, member or officer who is a natural Person authorized to act for or on behalf of the applicable Relevant Party or the Sponsor in matters relating to such Relevant Party or the Sponsor and who is identified on the list of Authorized Officers delivered by such Relevant Party or the Sponsor to the Administrative Agent on the Closing Date (as such list may be modified or supplemented from time to time thereafter by delivery to the Administrative Agent of a duly executed officer's certificate and an incumbency certificate of such Relevant Party or the Sponsor).

" Back-Up Servicer " shall mean Wells Fargo, N.A., and its successors and assigns as Back-Up Servicer under each Back-Up Servicing Agreement.

" Back-Up Servicing Agreement " shall mean (i) the Master Back-Up Servicing Agreement as modified by each applicable Back-Up Servicing Agreement Addendum and (ii) each replacement for each such agreement in a form and substance acceptable to the Administrative Agent entered into with a replacement back-up servicer.

" Back-Up Servicing Agreement Addendum " shall mean each addendum under the Master Back-Up Servicing Agreement entered into among the Back-Up Servicer, Provider and the applicable Fund, as may be amended, supplemented or modified from time to time .

" Bail-In Action " shall mean the exercise of any Write-down and Conversion Powers.

" Bail-In Legislation " shall mean:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended or re-enacted), the relevant implementing law or regulation (including any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organization) as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any other state, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

" Bankruptcy Code " shall mean Title 11 of the United States Code, as amended from time to time, and all rules and regulations promulgated thereunder.

" Base Case Model " shall mean the comprehensive long-term financial model as updated from the initial Base Case Model delivered on the Closing Date and attached as Exhibit G to this Agreement, reflecting among other things (i) quarterly payment periods ending on each Payment Date and (ii) the projected Cash Available for Debt Service from the Projects in the Project Pool, Debt Service after giving effect to the transactions contemplated by the

Transaction Documents, the making of the Loans and changes to market interest rates and interest rate protection in respect thereof, covering the period from the Closing Date until the Deemed Final Repayment Date. All amounts determined in accordance with the Base Case Model shall be determined assuming a P50 Production and shall take into account (i) only Eligible Revenues (provided that projected Cash Available for Debt Service shall include Incomplete Project Revenues on the Closing Date) and (ii) all Operating Expenses with respect to the Project Pool. The Base Case Model shall be updated in accordance with Section 2.05 in a form and substance reasonably satisfactory to the Administrative Agent .

" Blocked Person " shall mean any Person that is: (a) listed on, or owned or controlled by a person listed on, a Sanctions List, (b) a government of a Sanctioned Country, (c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country, (d) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country or (e) to the Knowledge of the Borrower, otherwise the subject or target of Sanctions.

" Borrower " shall have the meaning given to such term in the preamble.

" Borrower Membership Interests " shall mean all of the outstanding limited liability company interests issued by the Borrower (including all Economic Interests and Voting Rights).

" Borrowing Notice " shall mean a request for a Loan by the Borrower substantially in the form of Exhibit A-1 .

" BP SREC Consent " shall mean that certain consent and acknowledgment dated as of August 4, 2016 by and between BP Energy Company, a Delaware corporation, the SREC Seller Parties and the Collateral Agent for the benefit of the Secured Parties, as acknowledged by BP Corporation North America Inc. (as buyer guarantor) and SREC Guarantor.

" Budget Act " means the Bipartisan Budget Act of 2015 (P.L. 114-74).

" Business Day " shall mean the hours between 9:00 a.m. – 4:00 p.m., Eastern time, Monday through Friday, other than the following days: (a) New Year's Day, Dr. Martin Luther King, Jr. Day, Washington's Birthday (celebrated on President's Day), Good Friday, Memorial Day, the day before Independence Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, the day before and after Thanksgiving Day, Thanksgiving Day, Christmas Eve, Christmas Day and New Year's Eve, (b) any other day on which banks are required or authorized by Law to close in New York State, (c) a legal holiday in London, England, the State of New York or Utah or the jurisdiction where the Administrative Agent's Office is located and (d) any day on which commercial banks and the U.S. Federal Reserve Bank are authorized or required to be closed in any of the foregoing states. For purposes hereof, if any day listed above as a day on which a bank is closed falls on a Saturday or Sunday, such day is celebrated on either the prior Friday or the following Monday.

" Calculation Date " shall mean each of March 31, June 30, September 30 and December 31 of each year falling after the date hereof.

" Capital Stock " shall mean:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of Assets of, the issuing Person including, all warrants, options or other rights to acquire any of the foregoing.

"Cash Available for Debt Service " shall mean, in respect of any period, the amount of Operating Revenues received by the Borrower during such period less Operating Expenses paid during such period; provided , that, where Cash Available for Debt Service is projected (whether under the Base Case Model or otherwise) it shall exclude any Operating Revenues that are not Eligible Revenues or, on the Closing Date, Incomplete Project Revenues.

" Cash Collateralize " shall mean, in respect of the Letter of Credit, the deposit of immediately available funds into a cash collateral account maintained with (or on behalf of) the Collateral Agent on terms satisfactory to the Administrative Agent and Issuing Bank, in an amount equal to one hundred three percent (103%) of the Stated Amount of such Letter of Credit.

" Cash Diversion Fund " shall mean each Tax Equity Fund listed on Schedule 2.05 .

" Cash Diversion Guaranty " shall mean the Cash Diversion Guaranty executed by the Sponsor on the Closing Date in favor of the Administrative Agent for the benefit of the Lender Parties and the Collateral Agent for the benefit of the Secured Parties.

" Cash Flows " has the meaning given to the term "Net Cash Flow", "Available Cash Flow" or "Distributable Cash" in the applicable Limited Liability Company Agreement of a Tax Equity Fund.

" Change of Control " shall occur if (a) the Sponsor ceases to, directly or indirectly, beneficially own and control at least 51% of the Pledgor Membership Interests; (b) Pledgor ceases to, directly or indirectly, beneficially own and control 100% of the Borrower Membership Interests; (c) the Borrower ceases to, directly or indirectly, beneficially own and control 100% of the Guarantor Membership Interests (after giving effect to the Closing Date Assignments and other than a Permitted Fund Disposition as permitted pursuant to Section 2.05); (d) any Guarantor ceases to, directly or indirectly, beneficially own and control 100% of the Fund Manager Membership Interests of its subsidiary Funds; or (e) any Guarantor ceases to be the manager or managing member, as applicable, of any Fund.

" Change of Law " shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change of Law", regardless of the date enacted, adopted or issued.

" Claims " shall have the meaning given to such term in Section 5.12(a) .

" Class " shall have the meaning set forth in Section 1.04 .

" Class A FMV " shall mean (a) in respect of the Liberty Tenant, the greater of (i) $ 738,840 and (ii) the projected fair market value of the Tax Equity Member's equity interests in Liberty Tenant as of one day prior to the "Flip Date" (as such term is defined in the Limited Liability Company Agreement of the Liberty Tenant) , as determined pursuant to the applicable Tax Equity Documents as shown in the Tax Equity Fund Model and (b) in respect of the Margaux Tenant, the greater of (i) $ 2,112,738 and (ii) the projected fair market value of the Tax Equity Member's equity interests in Margaux Tenant as of the date of the "Withdrawal Notice" (as such term is defined in the Limited Liability Company Agreement of the Margaux Tenant) , as determined pursuant to the applicable Tax Equity Documents and as shown in the Tax Equity Fund Model.

" Class A Option Date " shall, as the context requires, (a) have the meaning given to the term "Flip Date" in the Liberty Tenant Limited Liability Company Agreement or (b) mean the first day of the "Withdrawal Period" as such term is defined in the Margaux Tenant Limited Liability Company Agreement.

" Closing " shall mean the funding of the Term Loans on the Closing Date pursuant to Section 2.01 .

" Closing Date " shall mean the date on which all conditions precedent set forth in Section 8.01 have been satisfied or waived in writing by the Administrative Agent (acting on the instructions of all Lenders and the Issuing Bank).

" Closing Date Assignment Agreements " shall mean (i) the Assignment Agreement dated as of the date hereof between the Borrower and the Aggregation Facility Borrower, (ii) the Partial Payoff Letter, dated as of the date hereof, by the Aggregation Facility Collateral Agent as administration agent and collateral agent, and acknowledged by the Aggregation Facility Borrower, (iii) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Liberty Manager, LLC, and Aggregation Facility Collateral Agent, (iv) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Margaux Manager, LLC, and Aggregation Facility Collateral Agent, (v) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Fund III Manager, LLC, and Aggregation Facility Collateral Agent, (vi) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Mia Manager, LLC, and Aggregation Facility Collateral Agent, (vii) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Aaliyah Manager, LLC, and Aggregation Facility Collateral Agent, (viii) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Rebecca Manager, LLC, and Aggregation Facility Collateral Agent, (ix) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Hannah Manager, LLC, and Aggregation Facility Collateral Agent, (x) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Elyse Manager, LLC, and Aggregation Facility Collateral Agent, (xi) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Fund X Manager, LLC, and Aggregation Facility Collateral Agent, (xii) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Fund XIV Manager, LLC, and Aggregation Facility Collateral Agent, (xiii) the Termination Agreement, dated as of the date hereof, by and between Vivint Solar Nicole Manager, LLC, and Aggregation Facility Collateral Agent, (xiv) the Notice, dated as of July 22, 2016, by Subordinated Holdco Borrower and acknowledged by Subordinated Holdco Facility Collateral Agent and (xv) the Assignment and Assumption Agreement dated as of the date hereof between the Borrower and the Subordinated Holdco Borrower.

" Closing Date Assignments " shall mean the assignments contemplated under the Closing Date Assignment Agreements such that the Guarantor Membership Interests are all under the ownership of the Borrower.

" Closing Date Available Amount " shall mean the maximum amount of the Term Loan Commitments which would have been available to be drawn on the Closing Date to show the Base Case Model in compliance with the Debt Sizing Parameters and Portfolio Concentration Limits where the Base Case Model has been modified to exclude Incomplete Project Revenue.

" Closing Date Funds Flow Memorandum " shall have the meaning given to such term in the Depository Agreement.

" Code " shall mean the United States Internal Revenue Code of 1986, and the regulations promulgated pursuant thereto, all as amended or as may be amended from time to time.

" Collateral " shall mean the Assets and Property of, and equity interests in, the Borrower and each Guarantor and each SREC Seller Party's interest in its respective Eligible SREC Contracts, which is now owned or hereafter acquired upon which a Lien is or is purported to be created by any Collateral Document and shall include, without limitation, all Assets and Property within the terms "Collateral", "Depository Collateral", "Collateral Account" and "Pledged Collateral", as applicable, in the Collateral Documents all of which collectively constitute the "Collateral"; provided, that Excluded Property and Fund SREC Property shall be excluded from Collateral hereunder and under all Collateral Documents.

" Collateral Accounts " shall have the meaning given to such term in the Depository Agreement.

" Collateral Agency Agreement " shall mean the Collateral Agency and Intercreditor Agreement dated as of the Closing Date, among the Borrower, the Administrative Agent, the Collateral Agent and each other Secured Party party thereto from time to time.

" Collateral Agent " shall mean BankUnited, N.A., and its successors and assigns in such capacity.

" Collateral Documents " shall mean, collectively, the Pledge Agreement, the Pledge and Security Agreement, the Cash Diversion Guaranty, any Guaranty and Security Agreement, the Guaranty and Pledge Agreement, the Collateral Agency Agreement, the Depository Agreement, the Tax Equity Consents, the SREC Consents, the Management Consent Agreement, the SREC Security Agreement and each other collateral document, pledge agreement or standing instruction delivered to the Administrative Agent pursuant to Section 5.08 and Section 8.01(a) , any other document or agreement that creates or purports to create a Lien in favor of the Collateral Agent for the benefit of the Secured Parties and all UCC or other financing statements, instruments or perfection and other filings, recordings and registrations required to be filed or made in respect of any of the foregoing.

" Collections " shall mean without duplication (a) with respect to the Wholly-Owned Funds, the related (i) Rents, including all scheduled payments and prepayments under any Customer Agreement, (ii) all proceeds of SRECs and SREC Contracts, (iii) pending assumption of a Customer Agreement relating to a Project, payments of Rent relating to such Project by lenders with respect to, or subsequent owners of, the Property where such Project has been installed, (iv) proceeds of the sale, assignment or other disposition of any Collateral, (v) insurance proceeds and proceeds of any warranty claims arising from manufacturer, installer and other warranties, in each case, with respect to any Projects, (vi) all recoveries including all amounts received in respect of litigation settlements and work-outs, (vii) all purchase and lease prepayments received from a Customer with respect to any Project, and (viii) all other revenues, receipts and other payments to such Wholly-Owned Funds of every kind whether arising from their ownership, operation or management of the Projects, (b) with respect to any Guarantor, all distributions with respect to the Fund Membership Interests, (c) amounts contributed or otherwise paid by Sponsor to Borrower (including under the Cash Diversion Guaranty) but without limiting Section 9.03 and (d) interest earned on amounts deposited in the Collateral Accounts during the relevant period; provided , that the Collections shall not include any Excluded Property or Fund SREC Property.

" Collections Account " shall have the meaning given to such term in the Depository Agreement.

" Commitment " shall mean, as to each Lender, the aggregate of such Lender's Term Loan Commitment and LC Commitment.

" Competitor " means any Person directly or through its Affiliates engaged in the business of owning, managing, operating, maintaining or developing renewable energy systems for use in distributed generation applications (whether residential or commercial) in the United States; *provided* , that a Person who is involved in such activities solely as a result of such Person being engaged as a back-up servicer or transition manager (including Wells Fargo Bank, N.A. or U.S. Bank National Association) or as a result of making passive investments (including tax equity investments) in such activities shall not be considered a "Competitor" hereunder.

" Confidential Information " shall have the meaning given to such term in Section 11.11(a) .

" Consequential Losses " shall have the meaning given to such term in Section 3.07(e) .

" Credit Rating " shall mean, with respect to any Person, the rating by S&P, Moody's, Fitch or any other rating agency agreed to by the Parties then assigned to such Person's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such Person as an issuer rating by S&P, Moody's, Fitch or any other rating agency agreed by the Parties.

" Credit Requirements " shall mean, with respect to any Person, that such Person has at least one of the following Credit Ratings: "Baa2" (outlook stable and not on credit watch for downgrade) or higher from Moody's, "BBB" (outlook stable and not on credit watch for downgrade) from S&P or, other than in the case of a Person providing an Acceptable DSR Guarantee, "BBB" (outlook stable and not on credit watch for downgrade) or higher from Fitch.

" Cumulative Loss Event " shall mean, on any Calculation Date, (a) the amount of the reduction in Portfolio Value resulting from or attributable to each Ineligibility Event occurring since the Closing Date exceeds (b)(i) the amount of the reduction in Portfolio Value projected to occur by such Calculation Date under the Base Case Model as a result of each Ineligibility Event plus (ii) the principal amount of all prior Ineligible Project Prepayments.

" Customer " shall mean a natural person or trust party to a Customer Agreement who leases, or agrees to purchase Energy produced by, a Project.

" Customer Agreement " shall mean those power purchase agreements or customer lease agreements (together with all ancillary agreements and documents related thereto, including any assignment agreement to a replacement Customer) with respect to a Project between a Fund, as owner or lessor, and a Customer, whereby the Customer agrees to purchase the Energy produced by the related Project for a fixed fee (subject to escalation) per kWh, or agrees to lease the Project for monthly lease payments, as applicable, in each case for a specified term of years and including agreements where the Customer has the ability to prepay such amounts.

" Debt Service " shall mean, for any period, the aggregate amount of all principal, interest, payments in the nature of interest (including default interest and net payments under an Interest Rate Hedging Agreement), letter of credit fees, commitment fees, Agent fees, or any other recurrent analogous costs and damages (including gross-ups and increased cost payments) payable pursuant to any Loan Document.

" Debt Service Coverage Ratio " shall mean, for any calculation period, the ratio of:

(a) the Cash Available for Debt Service for such period; to

(b) the Debt Service for such period (excluding mandatory prepayments in respect of the Loans payable during such period pursuant to Section 3.03).

" Debt Service Coverage Ratio Certificate " shall mean a certificate from an Authorized Officer of the Borrower in the form of Exhibit I , containing its good faith, detailed calculation of its Debt Service Coverage Ratio for the twelve-month period ending on the immediately preceding Calculation Date.

" Debt Service Reserve Account " shall have the meaning given to such term in the Depository Agreement.

" Debt Service Reserve Required Amount " shall have the meaning given to such term in the Depository Agreement.

" Debt Sizing Parameters " shall mean the following criteria, in each case as demonstrated by the Base Case Model:

(a) for each twelve-month period ending on the last day of a fiscal quarter (i) commencing on September 30, 2016 until September 30, 2021, a projected minimum and average Debt Service Coverage Ratio of at least 1.55 to 1.00 and (ii) commencing on September 30, 2021 until the last day of the fiscal quarter ending immediately after the Deemed Final Repayment Date, a minimum and average Debt Service Coverage Ratio of at least 1.50 to 1.00, in each case, assuming the Obligations are repaid in full by the Deemed Final Repayment Date; and

(b) the principal outstanding under this Agreement (including any loan being made as of the date of determination) is no greater than 0.654 multiplied by Portfolio Value.

" Debt Termination Date " shall mean the date on which (a) the Commitments have expired or been terminated, (b) the principal of and interest on each Loan and all fees payable hereunder shall have been paid indefeasibly paid in cash in full and all Letters of Credit shall have expired or terminated and all Drawing Payments shall have been reimbursed (unless the outstanding amount of the LC Exposure related thereto has been Cash Collateralized) and (c) all other Obligations (other than any inchoate indemnification or expense reimbursement Obligations that expressly survive termination of this Agreement) shall have indefeasibly paid in cash in full.

" Debtor Relief Laws " shall mean the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

" Deemed Final Repayment Date " shall mean the earlier of (a) 20 years after the Closing Date or (b) 20 years after the date that the last Eligible Project is Placed in Service.

" Default " shall mean any event, occurrence or circumstance that is, or with notice or the lapse of time or both would become, an Event of Default.

" Default Rate " shall mean a rate of 2.00% per annum in excess of the rate otherwise applicable to any Loan or other Obligation, which rate shall apply in accordance with Section 3.05(b) .

" Defaulting Lender " shall mean a Lender that (a) has defaulted in its obligations to fund any Loan or otherwise failed to comply with its obligations under Section 2.01 or Section 2.02 , unless (x) such default or failure is no longer continuing or has been cured within ten (10) days after such default or failure or (y) such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.01 or Section 2.02 has made a public statement to that effect unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent shall be specifically identified in such writing) has not been satisfied or (c) has, or has a direct or indirect parent company that, other than via an Undisclosed Administration, (i) has become the subject of a proceeding under any Debtor Relief Laws, 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 or (iii) has become the subject of a Bail-In Action;

provided that, for the avoidance of doubt, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority. Notwithstanding anything to the contrary in this definition of "Defaulting Lender", if NY Green Bank has satisfied its obligations to make loans to Vivint Solar Financing NYGB Entity in accordance with the NY Green Bank Loan Agreement, Vivint Solar Financing NYGB Entity shall not be a Defaulting Lender to the extent of NY Green Bank's outstanding loan and commitment to make the loan under the NY Green Bank Loan Agreement, as such amount may be certified to the Administrative Agent from time to time by NY Green Bank or Vivint Solar Financing NYGB Entity.

" Deficient Project " shall mean a Project that is a "Deficient Project" or "Cancelled Project", each as defined in the applicable Limited Liability Company Agreement or Master Purchase Agreement, or any other Project that was ineligible to be tranched or funded, or in respect of which returns have been or are required to be prepaid, under the applicable Tax Equity Documents.

" Depository Agent " shall mean BankUnited, N.A., and its successors and assigns in such capacity in accordance with the Depository Agreement.

" Depository Agreement " shall mean the Depository Agreement dated as of the Closing Date, among the Borrower, the Guarantors party thereto, the Administrative Agent, the Collateral Agent and the Depository Agent.

" Disbursement " shall mean the disbursement of the Disbursement Amount to the Borrower from the Proceeds Escrow Account on the Disbursement Date.

" Disbursement Amount " shall mean the (a) Incomplete Project Available Amount less (b) the Closing Date Available Amount; provided , that, the Disbursement Amount shall not exceed the amount available on deposit in the Proceeds Escrow Account.

" Disbursement Date " shall mean the date on which all conditions precedent set forth in Section 8.02 shall have been satisfied or waived in writing by the Administrative Agent (acting on the instructions of all Lenders).

" Disbursement Notice " shall mean a request by the Borrower for a Disbursement from the Proceeds Escrow Account substantially in the form of Exhibit A-2 .

" Disbursement Period " shall mean the period beginning on the Closing Date and ending on the earlier of (i) the date that is six months after the Closing Date and (ii) the date of the Disbursement.

" Distribution Conditions " shall have the meaning given to them in the Depository Agreement.

" Distribution Suspense Account " shall have the meaning given to such term in the Depository Agreement.

" Distribution Trap " shall occur at any time where the Distribution Conditions are not satisfied as of the most recent Payment Date.

" Dollars " shall mean U.S. dollars.

" Drawing " shall mean a drawing on a Letter of Credit by the beneficiary thereof.

" Drawing Payment " shall mean a payment in U.S. Dollars by the Issuing Bank of all or any part of the Stated Amount in conjunction with a Drawing under any Letter of Credit.

" DTE SREC Consent " shall mean that certain consent and acknowledgment dated as of August 2, 2016 by and between the DTE Energy Trading, Inc. a Michigan corporation, the SREC Seller Parties and the Collateral Agent for the benefit of the Secured Parties.

" Early Amortization Period " shall have the meaning given to such term in the Depository Agreement.

" Economic Interest " shall mean the direct or indirect ownership by one Person of Capital Stock in another Person. A Person who directly holds all of the Capital Stock of another Person is understood to hold an Economic Interest of one hundred percent (100%) in such other Person. For purposes of determining the Economic Interest of one Person in another Person where there are one or more other Persons in the chain of ownership, the Economic Interest of the first Person in the second Person shall be deemed proportionately diluted by Economic Interests of less than one hundred percent (100%) held by such other Persons in the chain of ownership. For example, if Company A owns eighty percent (80%) of the Capital Stock of Company B, which in turn owns eighty percent (80%) of the partnership interests in Partnership C, which in turn owns fifty percent (50%) of the Capital Stock in Company D, then Company A would have an Economic Interest in Company D of thirty-two percent (32%).

" EEA Member Country " shall mean any member state of the European Union, Iceland, Liechtenstein and Norway.

" Eligible Assignee " shall mean any Person that is (i) a commercial bank, insurance company, investment or mutual fund or other Person that is an "accredited investor" (as defined in Regulation D of the Securities Act of 1933, as amended) or otherwise has a tangible net worth not less than five hundred million Dollars ($500,000,000) and (ii) not a Competitor.

" Eligible Customer Agreement " shall mean a Customer Agreement substantially in the form of one of the form agreements attached to the Officer's Certificate or such other form of agreement as approved by the Administrative Agent (acting on the instructions of the Required Lenders) in writing, which forms may be modified in a manner permitted under the Tax Equity Documents so long as such revisions either (a)(i) could not reasonably be expected (x) to have a Material Adverse Effect, or (y) to result in a material reduction of Cash Available for Debt Service during the term of the Loans and (ii) do not cause the Customer Agreement to be in violation of, or adversely affect the applicable Relevant Party's ability to comply with, any applicable Laws (including, without limitation, consumer leasing and protection Laws) or (b) incorporate such changes as approved by the Administrative Agent acting on the instructions of the Required Lenders).

" Eligible Project " shall mean a Project installed on a primary, secondary, multifamily or townhome dwelling, each owned by the applicable Customer, that is owned by a Fund and (a) has been Placed in Service, (b) is not the subject of any Revenue Termination Event or Ineligibility Event, and (c) is not a Deficient Project.

" Eligible Revenues " shall mean Operating Revenue from Eligible Projects to the extent such Operating Revenues solely consist of (a) payments by Customers pursuant to the applicable Customer Agreement and (b) Eligible SREC Proceeds.

" Eligible SREC Contract " shall mean individually or collectively, as the context requires, each agreement and each associated guaranty listed under the heading "Eligible SREC Contracts" on Schedule 4.22(a) .

" Eligible SREC Counterparty " shall mean the counterparty to a SREC Seller Party under an Eligible SREC Contract (and its applicable guarantor).

" Eligible SREC Proceeds " shall mean all revenues and proceeds under any Eligible SREC Contract to the extent that a direct agreement has been entered into with the applicable Eligible SREC Counterparty.

" Employee Benefit Plan " shall mean any employee pension benefit plan within the meaning of Section 3(2) of ERISA (excluding any Multiemployer Plan) which is subject to Title IV of ERISA or to Section 412 of the Code.

" Energy " shall mean physical electric energy, expressed in megawatt hours or kilowatt hours (" kWh "), of the character that passes through transformers and transmission wires, where it eventually becomes alternating current electric energy delivered at nominal voltage.

" Environmental Laws " shall mean all present and future Laws pertaining to or imposing liability or standards of conduct concerning environmental protection, human health and safety, contamination or clean-up or the use, handling, generation, Release or storage of Hazardous Material, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, as amended, the Hazardous Substances Transportation Act, as amended, the Solid Waste Disposal Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Toxic Substances Control Act, as amended, the Safe Drinking Water Act, as amended, the Occupational Safety and Health Act, as amended (to the extent relating to human exposure to Hazardous Materials), the National Environmental Policy Act, as amended, and all analogous state or local statutes, (including, with respect to the Projects located in the State of New York, the New York State Environmental Quality Review Act, as amended and, with respect to the Projects located in the State of New Jersey, the New Jersey Site Remediation Reform Act), any state superlien Law and environmental clean-up Laws and all regulations adopted in respect of the foregoing Laws whether now or hereafter in effect.

" ERISA " shall mean the Employee Retirement Income Security Act of 1974, as amended or as may be amended from time to time.

" ERISA Affiliate " shall mean, in relation to any Person, any other Person under common control with the first Person, within the meaning of Section 4001(a)(14) of ERISA.

" Escrowed Amount " shall mean the difference of (i) the principal amount of the Term Loans made on the Closing Date less (ii) the Closing Date Available Amount.

" EU Bail-In Legislation Schedule " shall mean the document described as such and published by the Loan Market Association (or any successor person) from time to time.

" Event of Default " shall have the meaning given to such term in Section 9.01 .

" Event of Loss " shall mean (a) an event which causes all or a portion of an Asset of a Relevant Party to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever (including any covered loss under a casualty insurance policy) and (b) any compulsory transfer or taking, or transfer under threat of compulsory transfer, of any Asset of a Relevant Party pursuant to the power of eminent domain, condemnation or otherwise.

" Excluded Property " shall mean, solely to the extent no Event of Default shall have occurred and be continuing, each of the following:

(a) all cash proceeds from any upfront solar energy incentive programs, including proceeds disbursed as an expected performance based buydown pursuant to the California Solar Initiative (which are not subject to state income tax), or any other state or local solar power incentive program which provides incentives that are substantially similar to the expected performance based buydown provided under the California Solar Initiative (and which are similarly not subject to state income tax);

(b) all cash proceeds from any state income tax credit, including proceeds pursuant to the refundable Hawaii Energy Tax Credits;

(c) the proceeds from the sale of Financing SRECs received pursuant to the SREC Financing Master PSA which such Financing SRECs were sold by SREC Financing pursuant to an Ineligible SREC Contract;

(d) Rebates; and

(e) payments received by a Guarantor in respect of any final true-ups occurring following the completion of deployment under the Tax Equity Documents.

" Excluded Taxes " shall mean any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to any Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its Lending Office

located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date after the Closing Date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 3.10(b)) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.09(a) , 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 3.09(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

" Exempt Customer Agreements " shall mean (a) any Customer Agreement which has unpaid Rents that are 120 days or more past due, (b) any Customer Agreement where (i) the Customer's interest in the underlying host Property for the applicable Project has been sold or otherwise transferred without either the Customer purchasing the Project or the new owner assuming such Customer Agreement and (ii) the applicable Provider reasonably determines that the current Customer will not make any purchase payment due under the Customer Agreement and the new owner will refuse to assume such Customer Agreement but for a Payment Facilitation Agreement in respect thereof, (c) any Customer Agreement subject to a dispute between the Borrower and the Customer which, in light of the facts and circumstances known at the time of such dispute, the Provider reasonably determines the Customer under such Customer Agreement could reasonably be expected to stop making Rent payments due under the Customer Agreement but for a Payment Facilitation Agreement, or (d) any Customer Agreement which has a Customer that has become eligible for and is receiving an income-qualified discount on his or her electricity rate from the applicable local utility.

" Expiration Date " shall mean, with respect to any Letter of Credit, the date of the expiration set forth therein.

" Facility " shall mean each of (a) the Term Loan Commitments and the Term Loans made hereunder and (b) the LC Commitments and the LC Exposure hereunder.

" FATCA " shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

" Fee Letter " shall mean, collectively, each fee letter between the Borrower and a Lender Party.

" FERC " shall mean the Federal Energy Regulatory Commission, and any successor authority.

" FICO® Score " shall mean, in respect of any Customer, a credit score obtained from (a) Experian Information Solutions, Inc. , (b) Transunion, LLC or (c) Equifax Inc. , in each case, as obtained in connection with such Customer Agreement. If the Customer is a trust, the applicable credit score for that Customer shall be the credit score of the trustee.

" Final Hedging Date " shall have the meaning given to such term in Section 5.11 .

" Financing SRECs " shall mean the SRECs transferred from a Fund to SREC Guarantor pursuant to the Liberty SREC Transfer Agreement, Margaux SREC Transfer Agreement, Fund III SREC Transfer Agreement, Nicole SREC Transfer Agreement, Hannah SREC Transfer Agreement and Fund XIV SREC Transfer Agreement (as such terms are defined in Schedule 4.22(a)).

" Financing SREC Collections " shall have the meaning given to such term in Section 5.25(f) .

" Financial Statements " shall mean in relationship to any Person, its consolidated statements of operations and members' equity, statements of cash flow and balance sheets.

" Fitch " shall mean Fitch, Inc.

" Flip Performance " shall mean the demonstration of the Tax Equity Member's actual internal rate of return since the initial capital contribution date for the applicable Partnership Flip Fund by comparison to its applicable target internal rate of return, as shown in the Tracking Model or associated reports, exhibits or supplemental information and which may be shown as an annual effective discount rate that results in the sum of the present values of Cash Flows through the applicable term, with respect to the membership interests of the Tax Equity Member, being equal to zero.

" Flip Point " shall have the meaning given to the term "Flip Point" or "Flip Date" in the applicable Limited Liability Company Agreement of a Tax Equity Fund.

" Flip Point Deficit " shall mean, as of any Calculation Date in respect of a Tracking Model for the applicable Tax Equity Fund, if such Tracking Model reflects that the Flip Point will not occur by the Target Flip Date, the positive difference between:

(i) the amount of cash that the Tracking Model demonstrates is required to be distributed by the Tax Equity Fund to a Tax Equity Member in order for the Flip Point to occur by no later than the Target Flip Date, and

(ii) the amount of cash that is actually projected under the Tracking Model to be distributed by the Tax Equity Fund to such Tax Equity Member from the Calculation Date until the Target Flip Date,

in each case, where the Tracking Model takes into account all prior and projected Cash Flows.

" Foreign Lender " shall mean a Lender that is not a U.S. Person.

" FPA " shall mean the Federal Power Act, as amended, and FERC's regulations thereunder.

" Fund " shall mean each of the Inverted Lease Funds, each of the Partnership Flip Funds and each of the Wholly-Owned Funds.

" Fund Account " shall mean a deposit account or securities account in the name of a Fund into which all Rents and other Operating Revenues paid to such Fund are deposited.

" Fund Manager Membership Interests " shall mean all of the outstanding class B membership interests and managing member membership interests issued by the Funds (including all Economic Interests and Voting Rights applicable to the managing member).

" Fund Membership Interests " shall mean all of the outstanding Fund Manager Membership Interests and all other membership interests issued by a Fund that have been acquired by a Guarantor or where the Tax Equity Member has withdrawn (including all acquired Economic Interests and Voting Rights).

" Fund Representations " shall mean the representations set forth in Annex C .

" Fund SREC Property " shall mean (i) all Aggregator SRECs, (ii) receivables pursuant to the SREC Aggregator Master PSA and proceeds from the sale of SRECs received pursuant to the SREC Aggregator Master PSA and (iii) the Unpledged SREC Account and all amounts deposited therein; provided , that, for the avoidance of doubt, no cash distributions with respect to the Fund Membership Interests shall be Fund SREC Property.

" Fund SREC Transfer Agreements " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Fund SREC Transfer Agreements" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" Fund X Project Company " shall mean Vivint Solar Fund X Project Company, LLC, a Delaware limited liability company.

" Further Guidance " means statutory amendments; temporary, proposed or final Treasury Regulations; any IRS guidance published in the Internal Revenue Bulletin and/or Cumulative Bulletin; any notice, announcement, revenue ruling or revenue procedure or similar authority issued by the IRS; or any other administrative guidance, in each case, interpreting or applying Section 1101 of the Budget Act.

" GAAP " shall mean United States Generally Accepted Accounting Principles.

" Governmental Authority " shall mean with respect to any Person, any supra-national, national, federal or state or local government or other political subdivision thereof or any entity, including any regulatory or administrative authority or court or central bank, exercising executive, legislative, judicial, regulatory or administrative or quasi-administrative functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

" Grant " means a cash grant under section 1603 of the American Recovery and Reinvestment Act of 2009, as amended.

" Guarantor " shall mean each of the Inverted Lease Guarantors, Partnership Flip Guarantors, SREC Guarantor and any Wholly-Owned Fund.

" Guarantor Account " shall have the meaning given to such term in the Depository Agreement.

" Guarantor Membership Interests " shall mean all of the outstanding limited liability company interests issued by the Guarantors (including all Economic Interests and Voting Rights).

" Guaranty and Pledge Agreement " shall mean the Guaranty and Pledge Agreement executed by Guarantor on the Closing Date in favor of the Collateral Agent for the benefit of the Secured Parties.

" Guaranty and Security Agreement " shall mean any Guaranty and Security Agreement executed by a Wholly-Owned Fund in favor of the Collateral Agent for the benefit of the Secured Parties as required in accordance with Section 5.08(g) .

" Hazardous Material " shall mean any pollutant, contaminant or hazardous or toxic substance, material or waste that is regulated by or could form the basis of liability now or hereafter under, any Environmental Law, including any (a) petroleum, petroleum hydrocarbons, petroleum products, crude oil or any fraction or by-product derivatives; (b) flammable substances, explosives or radioactive materials; (c) asbestos or asbestos-containing materials in any form; (d) polychlorinated biphenyls; and (e) any other radioactive, hazardous, toxic or noxious waste, substance, material, pollutant or contaminant that, whether by its nature or its use, is subject to regulation or giving rise to liability or obligation under any Environmental Law.

" Hedge Profile Repayment Date " shall mean the date upon which the Term Loans are shown to be finally repaid under the Base Case Model based on the assumption that all Cash Available for Debt Service is applied from the Maturity Date to pay Debt Service and otherwise prepay the Term Loans.

" Incomplete Project " shall mean, on the Closing Date, any Project which has not yet been Placed in Service and is reasonably expected by Seller to be Placed in Service within 6 months of the Closing Date.

" Incomplete Project Available Amount " shall mean the maximum amount of the Term Loan Commitments which would have been available to be drawn on the Closing Date to show the Base Case Model in compliance with the Debt Sizing Parameters and Portfolio Concentration Limits where the Base Case Model has been modified to exclude the projected Cash Available for Debt Service from each Project that has not been Placed in Service as of the Disbursement Date.

" Incomplete Project Revenue " means, on the Closing Date, projected Operating Revenue from Incomplete Projects.

" Indebtedness " shall mean, for any Person, without duplication: (a) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of Property for which such Person or its Assets is liable, (b) all unfunded amounts under a loan agreement, letter of credit, surety bond or other similar instrument (unless secured in full by cash), or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (c) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests and any other payment required to be made in respect of any equity interests in any Person or rights or options to acquire any equity interests in any Person, but excluding any distributions required to be made (i) in respect of the outstanding class A membership interests issued by the Tax Equity Funds or (ii) to Borrower or any Subsidiary in respect of the outstanding Fund Membership Interests or Guarantor Membership Interests, (d) all obligations (including all amounts to be capitalized) under leases that constitute capital leases for which such Person is liable, (e) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as borrower, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss, (f) all obligations of such Person under conditional sale or other title retention agreements relating to Property or Assets acquired by such Person (even though the rights of the seller or lender thereunder may be limited in recourse), and (g) all guarantees of such Person in respect of any of the foregoing. The Indebtedness of a Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such Person in respect thereof.

" Indemnified Amounts " shall have the meaning given to such term in Section 3.08(a) .

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

" Indemnitee " shall have the meaning given to such term in Section 3.08(a) .

" Independent " shall mean, when used with respect to any specified Person, that such Person (a) is in fact independent of each of the Relevant Parties and any Affiliate thereof, (b) does not have any direct financial interest or any material indirect financial interest in any of the Relevant Parties or any Affiliate thereof and (c) is not connected with any of the Relevant Parties or any Affiliate thereof as an officer, employee, member, manager, contractor, promoter, underwriter, trustee, partner, director or person performing similar functions.

" Independent Engineer " shall mean Leidos Engineering or any other Person from time to time appointed by the Administrative Agent to act as "Independent Engineer" for the purposes of this Agreement.

" Ineligibility Amount " has the meaning given to it in Section 3.03(c) .

" Ineligibility Event " shall mean in respect of any Project:

(a) the applicable Customer becomes more than [***] days past due on any amount due under the related Customer Agreement;

(b) the applicable Customer makes an Ineligible Customer Reassignment;

(c) such Project is discovered not to have been an Eligible Project as of the date of the applicable Loan or Disbursement made available to the Borrower in respect of such Project; or

(d) the early termination of its applicable Customer Agreement (without a replacement being entered into that would cause the Project to continue to meet the criteria for an Eligible Project) and no termination payment has been paid by the Customer by the date that is [***] days after such termination.

" Ineligibility Prepayment Project " shall mean, in respect of any Payment Date, a Project that became the subject of an Ineligibility Event during the calendar quarter ending on the immediately prior Calculation Date and where a Cumulative Loss Event occurred on such Calculation Date.

" Ineligible Customer Reassignment " shall mean a Customer Agreement has been assigned and (i) if the Customer is not a trust, the assignee Customer has a FICO® Score of less than [***], or (ii) if the Customer is a trust, the trustee has a FICO® Score of less than [***].

" Ineligible Project Prepayment " shall mean, in respect of any Payment Date, the mandatory prepayment payable on such applicable Payment Date in accordance with Section 3.03(c) .

" Ineligible SREC Contracts " shall mean any SREC Contracts that are not Eligible SREC Contracts.

" Information " shall have the meaning given to such term in Section 4.25(a) .

" Insurance Consultant " shall mean Moore-McNeil, LLC or any other Person from time to time appointed by the Administrative Agent to act as "Insurance Consultant" for the purposes of this Agreement.

" Interest Payment Date " shall mean the last day of the then applicable Interest Period.

" Interest Period " shall mean an interest period of one or three months, as selected by the Borrower in the Borrowing Notice or Interest Period Election Notice, (a) initially, commencing on the Closing Date and (b) thereafter, commencing on the day on which the immediately preceding Interest Period expires, provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall, subject to clause (iii) below, be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period shall extend beyond the Maturity Date; and

(iv) notwithstanding anything to the contrary herein, the initial Interest Period shall commence on the Closing Date and end on August 31, 2016.

" Interest Period Election " shall mean an election by the Borrower of a one or three month Interest Period.

" Interest Period Election Notice " shall mean a notice containing the Borrower's Interest Period Election delivered to the Administrative Agent pursuant to Section 2.03(a) in the form of Exhibit A-3 .

" Interest Rate Determination Date " shall mean the second LIBOR Business Day preceding the first day of each Interest Period.

" Interest Rate Hedging Agreement " shall mean any Swap Agreement entered into by the Borrower in the ordinary course of business and not for speculative purposes in order to effectively cap, collar or exchange interest rates (from floating to fixed rates) with respect to any interest-bearing liability or investment of the Borrower.

" Inverted Lease Fund " shall mean each Inverted Lease Lessor and each Inverted Lease Tenant.

" Inverted Lease Guarantor " shall mean each entity designated as an "Inverted Lease Guarantor" by the Borrower on Schedule 4.03(g) .

" Inverted Lease Lessor " shall mean each entity designated as an "Inverted Lease Lessor" by the Borrower on Schedule 4.03(g) .

" Inverted Lease Tenant " shall mean each entity designated as an "Inverted Lease Tenant" by the Borrower on Schedule 4.03(g) .

" Inverter Reserve Account " shall have the meaning given to such term in the Depository Agreement.

" Inverter Review Information " shall have the meaning given to such term in Section 5.01(g) .

" Investment Company Act " shall mean the United States Investment Company Act of 1940, as amended or as may be amended from time to time.

" Involuntary Bankruptcy " shall mean any involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, in which the Sponsor or any Relevant Party is a debtor or any Assets of any such entity is property of the estate therein.

" IRS " shall mean the United States Internal Revenue Service.

" Issuing Bank " shall mean (a) Investec Bank plc and (b) each other LC Lender as the Borrower may from time to time select as an Issuing Bank hereunder (provided that such LC Lender meets the Credit Requirements, shall be reasonably acceptable to the Administrative Agent and has agreed to be an Issuing Bank hereunder in a writing satisfactory to the Administrative Agent), each in its capacity as an issuer of Letters of Credit hereunder, in either case together with its permitted successors and assigns in such capacity; provided , that there shall be no more than one Issuing Bank at any time.

" ITC " shall mean the 30% investment tax credit under Section 48 of the Code.

" Joint Lead Arrangers " shall mean (i) Investec Bank plc, SunTrust Robinson Humphrey, Inc., ING Capital LLC and Silicon Valley Bank as joint bookrunners and joint lead arrangers with respect to the Commitments, (ii) BankUnited, N.A. and Deutsche Bank AG, New York Branch as joint lead arrangers, (iii) ING Capital LLC and SunTrust Bank. as co-syndication agents and (iv) Silicon Valley Bank as documentation agent.

" Knowledge " whenever used in this Agreement or any of the Loan Documents, or in any document or certificate executed pursuant to this Agreement or any of the Loan Documents, (whether by use of the words "knowledge" or "known", or other words of similar meaning, and whether or not the same are capitalized), shall mean, with respect to the Sponsor or any Relevant Party: actual knowledge (which shall be deemed to include knowledge that would have been discovered after reasonable inquiry) of the Chief Executive Officer, Chief Financial Officer, Senior Vice President of Operations, Executive Vice President of Capital Markets, General Counsel, Vice President of Asset Management and Controller of the Sponsor or any other position with substantially the same responsibilities of such Persons and any other Person that is an officer of, or is employed by, a Relevant Party or the Manager and is authorized with managerial responsibilities . The Borrower shall cause each Subsidiary and the Manager to promptly notify it of any event or circumstance that would require the Borrower to provide notice to a Lender Party under the Loan Documents upon Knowledge of the Borrower. Any notice delivered to the Sponsor or any Relevant Party (including to the Manager as their agent) by a Secured Party shall provide such Person with Knowledge of the facts included therein.

" Laws " shall mean, collectively, all international, foreign, Federal, state and local statutes, common law, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority, and all applicable administrative orders, decrees, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

" LC Application " shall mean an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable Issuing Bank, together with a Notice of LC Activity.

" LC Availability Period " shall mean the period from the Closing Date to 30 days prior to the Maturity Date.

" LC Commitment " shall mean, as to each LC Lender, its obligation to make an LC Loan to the Borrower pursuant to Section 2.02 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement; provided , that the aggregate principal amount of the LC Lenders' LC Commitments shall not exceed $ 13,000,000 .

" LC Commitment Fee " shall mean an amount equal to the product of 0.75% per annum and the average unused LC Commitment (regardless of whether any conditions for issuance, extension or increase of the Stated Amount of a Letter of Credit could then be met and determined as of the close of business on any date of determination), for each day from the Closing Date through the expiration or earlier termination of the LC Availability Period.

" LC Documents " shall mean, as to any Letter of Credit, each LC Application and any other document, agreement and instrument entered into by the applicable Issuing Bank and the Borrower or in favor of such Issuing Bank and relating to such Letter of Credit .

" LC Exposure " shall mean, with respect to any LC Lender as of the date of determination, the sum of the aggregate amount of all participations by that Lender in (a) the Stated Amount of all Letters of Credit issued and outstanding at such time that have not been Cash Collateralized, *plus* (b) the aggregate amount of all unreimbursed Drawing Payments made in respect of Letters of Credit at such time, *plus* (c) the aggregate outstanding principal amount of all LC Loans at such time.

" LC Lender " shall mean a Lender with an LC Commitment, which as of the Closing Date is as set forth on Schedule 2.01 .

" LC Loan " shall have the meaning set forth in Section 2.02(c)(ii) .

" Lender " shall have the meaning given to such term in the preamble hereto and shall include any Term Lender and LC Lender (other than any Person that has ceased to be a party hereto pursuant to an Assignment and Assumption) and any other Person that shall have become a party hereto as a Lender pursuant to an Assignment and Assumption.

" Lender Parties " shall mean the Administrative Agent, each Lender and the Issuing Bank.

" Lending Office " shall mean, with respect to each Lender, such Lender's address and, as appropriate, account on file with the Administrative Agent, or such other address or account as such Lender may from time to time notify to the Administrative Agent.

" Letter of Credit " shall mean a standby letter of credit substantially in the form of Exhibit C-1 governed by the laws of the State of New York and issued by the Issuing Bank under the total aggregate LC Commitment pursuant to Section 2.02(a)(i) .

" Liberty Tenant " shall mean Vivint Solar Liberty Master Tenant, LLC, a Delaware limited liability company.

" LIBOR " shall mean, for any Interest Rate Determination Date with respect to any Interest Period for a Loan, the rate for United States dollar deposits, rounded, if necessary, to the nearest 0.00001%, appearing on the applicable Bloomberg Screen Index Page as the London interbank offered rate for United States dollar deposits with a term equivalent to such Interest Period at approximately 11:00 a.m., London time, on such Interest Rate Determination Date. If, on any Interest Rate Determination Date, such rate does not appear on the applicable Bloomberg Screen Index Page, LIBOR shall be the arithmetic mean of the offered quotations of the Reference Banks to prime banks in the London interbank market for United States dollar deposits with a term equivalent to such Interest Period in Europe by reference to requests for quotations to the Reference Banks as of approximately 11:00 a.m. (London time) on the Interest Rate Determination Date. If, on any Interest Rate Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations. The Administrative Agent shall determine LIBOR on each Interest Rate Determination Date and the determination of LIBOR by the Administrative Agent shall be binding absent manifest error. " Reference Banks " shall mean leading banks engaged in transactions in Eurodollar deposits in the international Eurocurrency market (a) with an established place of business in London, and (b) which have been designated as such by the Administrative Agent and are able and willing to provide such quotations to the Administrative Agent for each Interest Rate Determination Date; and " Bloomberg Screen Index Page " shall mean the display designated as page US0001M Index Page (in respect of an Interest Period of one month) or US0003M Index Page (in respect of an Interest Period of three months) on the Bloomberg Financial Markets Commodities News (or such other pages as may replace such page on that service for the purpose of displaying LIBOR quotations of major banks). Notwithstanding the foregoing in no circumstance shall LIBOR be less than 0.00% per annum.

" LIBOR Business Day " shall mean any day on which commercial banks are open in London, England for international business (including dealings in United States dollar deposits).

" Lien " shall mean, with respect to any Property or Assets, any lien, hypothecation, encumbrance, assignment for security, charge, mortgage, pledge, security interest, conditional sale or other title retention agreement or similar lien.

" Limited Liability Company Agreement " shall mean the respective limited liability company agreement or operating agreement of each Tax Equity Fund.

" Loan Documents " shall mean, collectively, this Agreement, the Notes, if any, each Fee Letter, the Collateral Documents, the Secured Interest Rate Hedging Agreements, the Closing Date Assignment Agreements, the Master SREC Purchase and Sale Agreements and all other documents, agreements or instruments executed in connection with the Obligations. For the avoidance of doubt, the term "Loan Documents" shall not include the Portfolio Documents.

" Loan Parties " shall mean the Borrower, Pledgor and each Guarantor.

" Loans " shall mean the Term Loans and the LC Loans.

" Loss Proceeds " shall mean all amounts and proceeds (including instruments) from an Event of Loss received by the Loan Parties, including, without limitation, insurance proceeds or other amounts actually received, except proceeds of business interruption insurance.

" Major Decision " shall mean, as to each Fund, any of the decisions contemplated to be made in any of the Limited Liability Company Agreements which (i) require a vote by or the consent or approval of all or a supermajority or majority of the members or the Tax Equity Members of the applicable Fund and (ii) could, if made or not made, reasonably be expected (x) to have a Material Adverse Effect, (y) to result in a reduction of Cash Available for Debt Service during any Interest Period or (z) to result in the Portfolio Value, calculated immediately after giving effect to such modification to be less than the Portfolio Value, calculated immediately prior to giving effect to such modification.

" Management Agreement " shall mean the Management Agreement by and between the Manager and the Borrower dated as of the Closing Date and each renewal or replacement for such agreement in a form and substance acceptable to the Administrative Agent entered into with a Manager in accordance with the terms and conditions hereof.

" Management Consent Agreement " shall mean the Management Consent and Agreement dated as of the Closing Date by and among the Manager, the Borrower and the Collateral Agent.

" Manager " shall mean Vivint Solar Provider, LLC, a Delaware limited liability company or a replacement manager as may hereafter be charged with management of the Borrower and the Subsidiaries in accordance with the terms and conditions hereof and the other Loan Documents.

" Margaux Tenant " shall mean Vivint Solar Margaux Master Tenant, LLC, a Delaware limited liability company.

" Market Disruption Event " shall have the meaning given to such term in Section 3.11(a)(iii) .

" Master Back-Up Servicing Agreement " shall mean the Master Backup Servicer Agreement between Back-Up Servicer and Provider dated June 15, 2016, which may be modified from time to time subject to Section 6.10 .

" Master Lease Agreements " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Master Lease Agreements" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" Master Limited Warranty Agreements " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Master Limited Warranty Agreements" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" Master Purchase Agreements " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Master Purchase Agreements" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" Master SREC Purchase and Sale Agreements " shall mean shall mean the SREC Financing Master PSA and the SREC Aggregator Master PSA.

" Material Adverse Effect " shall mean, (a) a material adverse effect upon the business, operations, Property, Assets or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole, (b) the material impairment of the ability of the Borrower, SREC Seller Parties or the Sponsor to perform their respective obligations under any Loan Document, (c) a material adverse effect on the legality, validity or enforceability of any of the (i) Loan Documents or the rights and remedies of any Secured Party under any of the Loan Documents (including the validity, perfection or priority of the Collateral Agent's Liens on the Collateral) or (ii) Limited Liability Company Agreements, Master Lease Agreements, Eligible SREC Contracts or Sponsor Guaranties, or (d) a material adverse effect on the use, value or operation of at least 5% of the Projects owned or leased by the Funds.

" Maturity Date " shall mean August 4, 2021.

" Maximum Rate " shall have the meaning given to such term in Section 11.17 .

" Membership Interests " shall mean the Borrower Membership Interests, the Guarantor Membership Interests and the Fund Membership Interests.

" Model Auditor " shall mean Novogradac & Company LLP or any other Person from time to time appointed by the Administrative Agent to act as "Model Auditor" for the purposes of this Agreement.

" Moody's " shall mean Moody's Investors Service, Inc.

" Multiemployer Plan " shall mean a "multiemployer plan" as defined in Section 3(37) or Section 4001(a)(3) of ERISA.

" Net Available Amount " shall mean, with respect to (a) any Asset sale by a Relevant Party or (b) the issuance or incurrence of any Indebtedness by any Relevant Party, the sale proceeds, debt proceeds or other amounts received in connection therewith net of any (i) such sale proceeds, debt proceeds or other amounts required to be allocated to a Tax Equity Member pursuant to a Tax Equity Document in accordance with the ordinary distribution procedures and disregarding any cash sweep or other cash diversion which would modify the ordinary distribution procedures and (ii) reasonable and documented transaction or collection expenses (as applicable).

" Non-Consenting Lender " shall mean any Lender that does not approve any consent, waiver or amendment that, in each case, (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.01 and (b) otherwise has been approved by the Required Lenders.

" Non-Covered Services " shall have the meaning given to the term "Non-Included System Services", "Non-Agreed System Services" or "Non-Included Administrative Services" in each applicable Services Agreement or such other term used to describe services which are not included services under a Services Agreement.

" Note " shall have the meaning given to such term in Section 2.04 .

" Notice of LC Activity " shall have the meaning set forth in Section 2.02(b)(i) .

" NY Green Bank " shall mean NY Green Bank, a division of the New York State Energy Research & Development Authority, or any Affiliate thereof that succeeds to NY Green Bank's rights and obligations under the NY Green Bank Loan Agreement.

" NY Green Bank Loan Agreement " shall mean that certain Loan Agreement, dated as of August 4, 2016, between Vivint Solar Financing NYGB Entity, as borrower, and NY Green Bank, as lender.

" NY Green Bank Termination Notice " shall mean a notice from NY Green Bank to the Administrative Agent confirming that the "Debt Termination Date" under the NY Green Bank Loan Agreement has occurred.

" O&M Reserve Account " shall have the meaning given in the Depository Agreement.

" Obligations " shall mean the principal amount of the Loans, accrued interest thereon and all advances to, fees, costs, expenses and debts, liabilities, obligations, covenants and duties of, any Loan Party and SREC Seller Party arising under any Loan Document (including the Secured Hedging Obligations, any premium, reimbursements, Drawing Payments, damages, expenses, fees, costs, charges, disbursements, indemnities, and other liabilities) or otherwise with respect to any Loan, Letter of Credit or Secured Interest Rate Hedging Agreement, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest that would accrue on any of the foregoing during the pendency of any bankruptcy or related proceeding with respect to any Loan Party or SREC Seller Party.

" Officer's Certificate " shall mean a certificate signed by any Authorized Officer of the Borrower and delivered to the Administrative Agent in substantially the form attached as Exhibit E .

" OID " shall have the meaning given to such term in Section 3.09(g) .

" Operating Budget " shall mean the operating budget for the Relevant Parties set out under Section 5.01(f)(i) and as approved when required by the Administrative Agent.

" Operating Expenses " shall mean for any applicable period, all expenses and other amounts in the nature of expenses incurred by the Borrower, the Wholly-Owned Funds and, except (in order to avoid double counting) where used in the definition of "Cash Available for Debt Service," the other Funds during that period on a cash basis, including (without duplication) (a) payments under the Management Agreement, Back-Up Servicing Agreements, the Services Agreements and the other Project Documents (including, without duplication, all Service Fees and costs and expenses for Non-Covered Services and capital expenditures), (b) payments to comply with Laws (including Environmental Laws), (c) insurance premiums to the extent not covered in the Service Fees under the Services Agreements, (d) Taxes (including payments in lieu of taxes), and (e) any other fee, cost and expense incurred in connection with (i) ownership, leasing and operation of the Projects held by the Wholly-Owned Funds and, except (in order to avoid double counting) where used in the definition of "Cash Available for Debt Service," the other Funds and (ii) the ownership of the Membership Interests (including Additional Expenses and fees, costs, indemnities and expenses payable to the Secured Parties pursuant to Section 4.02(b)(i) of the Depository Agreement), but excluding (A) Debt Service and (B) expenses and amounts in the nature of expenses which are paid with the proceeds of Excluded Property or a contribution by or on behalf of the Sponsor or Pledgor as required pursuant to the Cash Diversion Guaranty.

" Operating Revenues " shall mean for any applicable period, all Collections or Eligible SREC Proceeds received by the Borrower from the Funds or any Guarantor (including SREC Guarantor) during that period on a cash basis but excluding (without duplication):

(a) any capital contribution or any other amounts contributed to the Relevant Parties by Sponsor, Pledgor or their Affiliates;

(b) the proceeds of the Loans or any other Indebtedness incurred by a Relevant Party;

(c) any net payments to the Borrower under an Interest Rate Hedging Agreement;

(d) the proceeds of the sale, assignment or other disposition of any Collateral or other Asset of a Relevant Party (other than (i) ordinary course sales of power or the leasing of a photovoltaic system pursuant to the Customer Agreements and (ii) proceeds of SRECs and SREC Contracts);

(e) proceeds of any Revenue Termination Event or Ineligibility Event, including any termination payment, elective prepayment or purchase payments;

(f) Loss Proceeds and any other insurance proceeds (other than business interruption proceeds) and proceeds of any warranty claims arising from manufacturer, installer and other warranties;

(g) any other proceeds or other amounts that are required to be mandatorily prepaid pursuant to Section 3.03 ; and

(h) any Excluded Property and the proceeds thereof and any Fund SREC Property.

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

" Other Taxes " shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.10(b)).

" P50 Production " shall mean the production volume based on the P50 one (1) year confidence levels for Eligible Projects in the Project Pool reflected in the Base Case Model (as updated as of the date of determination).

" Participant " shall have the meaning given to such term in Section 11.05(d)(i) .

" Participant Register " shall have the meaning given to such term in Section 11.05(d)(ii) .

" Partnership Flip Fund " shall mean each entity designated as a "Partnership Flip Fund" by the Borrower on Schedule 4.03(g) .

" Partnership Flip Guarantor " shall mean shall mean each entity designated as a "Partnership Flip Guarantor" by the Borrower on Schedule 4.03(g) .

" Party " shall mean each of the Borrower, the Lenders, the Administrative Agent and the Issuing Bank.

" Pass-Through Agreement " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Pass-Through Agreements" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" PATRIOT Act " shall have the meaning given to such term in Section 11.12 .

" Payment Date " shall mean each January 31, April 30, July 31 and October 31 of each year falling after the date hereof, or if any such day is not a Business Day, the immediately preceding Business Day.

" Payment Facilitation Agreement " shall have the meaning given to such term in Section 6.10(a) .

" Payment Facilitation Amount " has the meaning given to it in Section 3.03(d) .

" Payment Facilitation Event " shall mean, in respect of a Project, the amendment of the applicable Customer Agreement by a Payment Facilitation Agreement.

" Payment Facilitation Prepayment " shall mean, in respect of any Payment Date, the mandatory prepayment payable on such applicable Payment Date in accordance with Section 3.03(d) .

" Permits " shall mean any and all franchises, licenses, leases, permits, approvals, notifications, certifications, registrations, authorizations, exemptions, qualifications, easements, rights of way, Liens and other rights, privileges and approvals required to be obtained from a Governmental Authority under any Law, rule or regulation (including those required to interconnect a Project to the applicable transmission grid).

" Permitted Fund Disposition " shall have the meaning given to such term in Section 2.05 .

" Permitted Fund Disposition Certificate " shall mean a certificate from an Authorized Officer of the Borrower in the form of Exhibit H .

" Permitted Indebtedness " shall have the meaning given to such term in Section 6.01 .

" Permitted Liens " shall mean:

(a) Liens imposed by any Governmental Authority for taxes, assessments or other governmental charges (i) that are not yet due or (ii) that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted (and enforcement of such Lien shall have been stayed) so long as (A) such proceeding shall not involve any material risk of the sale, forfeiture or loss of any part of any Project and shall not interfere with the use or disposition of any Project and (B) the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security.

(b) mechanics', materialmen's, repairmen's and other similar liens arising in the ordinary course of business or incident to the construction, improvement or restoration of a Project in respect of obligations (i) that are not yet due or (ii) that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted (and enforcement of such Lien shall have been stayed) so long as (A) such proceedings shall not involve any material risk of forfeiture, sale or loss of any part of such Project and shall not interfere with the use or disposition of any Project, and (B) the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security;

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

(d) judgment Liens that (i) do not involve any material risk of the sale, forfeiture or loss of any part of any Project and do not interfere with the use or disposition of any Project, (ii) within ten Business Days of their existence or after the entry thereof, are being contested in good faith and by appropriate appeal or review proceedings (and execution thereof is stayed pending such appeal or review), (iii) for which the payment thereof is fully covered by adequate reserves in accordance with GAAP, bonds or other security and (iv) which could not reasonably be expected to result in an Event of Default;

(e) deposits or pledges required to secure the performance of statutory obligations, appeals, supersedes and other bonds in connection with judicial or administrative proceedings and other obligations of a like nature not in excess of $50,000 in the aggregate;

(f) zoning, entitlement, conservation restrictions and other land use and environmental Laws by Governmental Authorities that do not involve any material risk of the sale, forfeiture or loss of any part of any Project and do not interfere with the use or disposition of any Project, and provided that the relevant owner of legal title to a Project is not in violation thereof;

(g) statutory Liens of banks (and rights of set off) not securing Indebtedness and incurred in the ordinary course of business;

(h) Liens created pursuant to the Loan Documents;

(i) in respect of the Tax Equity Funds only, Liens permitted under the terms of the Tax Equity 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 Administrative Agent or (ii) subject to Section 6.15 , when taken together, could not reasonably be expected to result in a material adverse effect upon the business, operations, Assets or condition (financial or otherwise) of any individual Tax Equity Fund.

" Person " shall mean any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust (including any beneficiary thereof), unincorporated organization, or government or any agency or political subdivision thereof.

" Placed in Service " shall mean, in respect of a Project, that it has been placed in service for U.S. federal tax purposes, including that it has been placed in a condition or state of readiness and availability for its specifically assigned function of generating electricity from solar energy and specifically that (a) all necessary Permits for operating such Project have been obtained (including permission to operate from the applicable local utility), (b) all critical tests necessary for proper operation of such Project have been performed, (c) legal title to such Project is held by a Subsidiary (and title and control of such Project has been handed over by the installer under the applicable installation agreement), (d) initial synchronization of such Project to the grid has occurred and (e) daily operation of such Project has begun.

" Plan " shall mean an "employee benefit plan" within the meaning of Section 3(3) of ERISA which is subject to Title I of ERISA; a plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code or provisions under any Similar Laws; and an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement.

" Pledge Agreement " shall mean that certain pledge agreement dated as of the Closing Date by and between the Pledgor and the Collateral Agent for the benefit of the Secured Parties, with respect to the Borrower Membership Interests.

" Pledge and Security Agreement " shall mean that certain pledge and security agreement dated as of the Closing Date by and between the Borrower and the Collateral Agent for the benefit of the Secured Parties.

" Pledged SREC Account " shall have the meaning given to it in the Depository Agreement.

" Pledgor " shall have the meaning given to such term in the Recitals.

" Pledgor Membership Interests " shall mean all of the outstanding limited liability company interests issued by the Pledgor (including all Economic Interests and Voting Rights).

" Portfolio Concentration Limits " shall mean the following limitations on Eligible Revenues and the Eligible Projects from which Eligible Revenues are derived:

(a) the average FICO® Score determined for all Customers is no less than [***], where such average FICO® Score is weighted by the nameplate capacity of each Customer's Project;

(b) no more than [***]% of the nameplate capacity from Eligible Projects is from Customers with a FICO® Score less than [***];

(c) no more than [***]% of the nameplate capacity from Eligible Projects is from Eligible Projects located in [***];

(d) no more than [***]% of the nameplate capacity from Eligible Projects is from Eligible Projects located in any one Project State (other than [***]); and

(e) no more than [***]% of the nameplate capacity from Eligible Projects is from Eligible Projects with attached battery storage.

" Portfolio Documents " shall mean (a) the Project Documents, (b) the Tax Equity Documents, (c) the Management Agreement, (d) the Back-Up Servicing Agreement and (e) each Eligible SREC Contract.

" Portfolio Value " shall mean, as of the date of determination, the remaining present value of the projected Cash Available for Debt Service from all Projects in the Project Pool as set forth in the Base Case Model (updated as of such determination date) for each quarterly payment period during the remaining term of the Customer Agreements (not to exceed [***] years and assuming no contract renewals), discounted at [***]percent ([***]%) per annum.

" Proceeds Escrow Account " shall have the meaning given to such term in the Depository Agreement.

" Project " shall mean a residential photovoltaic system including photovoltaic panels, racking systems, wiring and other electrical devices, conduit, weatherproof housings, hardware, inverters, remote operating equipment, connectors, meters, disconnects, over current devices and any applicable battery storage (including any replacement or additional parts included from time to time) and, unless the context otherwise requires a reference to such residential photovoltaic system only, shall include the applicable Customer Agreement related to such photovoltaic system and all other related rights, Permits and manufacturer, installer and other warranties applicable thereto.

" Project Documents " shall mean each Customer Agreement (including any Payment Facilitation Agreement).

" Project Information " shall mean the information listed on Schedule A , to be provided and updated in connection with each Project owned by the Funds in accordance with Section 9.01 and 9.02 .

" Project Pool " shall mean all the Projects owned by the Funds.

" Project Prepayment Certificate " shall mean a certificate from an Authorized Officer of the Borrower in the form attached to a Transfer Date Certificate, containing (a) a comprehensive report of each Eligible Project that became the subject of an Ineligibility Event, Payment Facilitation Event or a Revenue Termination Event occurring during the quarterly period ending on the applicable Calculation Date and (b) the Borrower's good faith, detailed calculation of (i) the aggregate Ineligibility Amount, Payment Facilitation Amount and Revenue Termination Amount accrued during the applicable calendar quarter and all prior calendar quarters, (ii) whether a Cumulative Loss Event occurred on the applicable Calculation Date (including tracking of the reduction in Portfolio Value resulting from or attributable to each Ineligibility Event occurring since the Closing Date against the amount of such reduction in Portfolio Value projected to occur under the Base Case Model from each Ineligibility Event) and (iii) any Ineligible Project Prepayment, Payment Facilitation Prepayment or Revenue Termination Amount due and payable on the applicable Payment Date, together with such changes thereto as the Administrative Agent may from time to time reasonably request for the purpose of monitoring the Borrower's compliance with Section 3.03(d) .

" Project State " shall mean each state of the United States of America listed under Schedule 4.22(n) .

" Project Transfer Agreements " shall mean individually or collectively, as the context requires, each "Bill of Sale" or "Assignment, Assumption and Transfer Agreement", as each such term is defined in each applicable Master Purchase Agreement, entered into between the Seller and a Fund and any other agreement providing for the assignment or transfer of ownership of Projects and Customer Agreements from Seller to a Fund.

" Property " shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

" Provider " shall mean Vivint Solar Provider, LLC, a Delaware limited liability company, or any replacement provider under any Services Agreement appointed in accordance with the terms and conditions herein.

" Prudent Industry Practices " shall mean, with respect to any Project, those practices, methods, acts, equipment, specifications and standards of safety and performance, as they may change from time to time, that (a) are commonly used to own, manage, repair, operate, maintain and improve distributed solar energy generating facilities and associated facilities of the type that are similar to such Project, safely, reliably, prudently and efficiently and in material compliance with applicable requirements of Law and manufacturer, installer and other warranties and (b) are consistent with the exercise of the reasonable judgment, skill, diligence, foresight and care expected of a distributed solar energy generating facility operator or manager in order to accomplish the desired result in material compliance with applicable safety standards, applicable requirements of Law, manufacturer, installer and other warranties and the applicable Customer Agreement, in each case, taking into account the location of such Project, including climate change-related, environmental and general conditions. "Prudent Industry Practices" are not intended to be limited to certain practices or methods to the exclusion of others, but are rather

intended to include a broad range of acceptable practices, methods, equipment specifications and standards used in the photovoltaic solar power industry during the relevant time period.

" PUHCA " shall mean the Public Utility Holding Company Act of 2005, as amended, and FERC's regulations thereunder.

" Qualified Insurers " shall mean financially sound and reputable insurance companies rated "A-, X" or better by A.M. Best Company, "A" or better by S&P or otherwise acceptable to the Administrative Agent, acting reasonably.

" Qualifying Facility " shall mean a "qualifying facility" as defined in the regulations of FERC at 18 C.F.R. § 292.101(b)(1) that also qualifies for the regulatory exemptions from the FPA set forth at 18 C.F.R. § 292.601(c), including the exemption from regulation under Sections 205 and 206 of the FPA set forth at 18 C.F.R. § 292.601(c)(1), the regulatory exemptions from PUHCA set forth at 18 C.F.R. § 292.602(b) and the exemptions from certain state laws and regulations set forth at 18 C.F.R. § 292.602(c).

" Quotation Day " shall mean the Interest Rate Determination Date, unless market practice differs in the London interbank market, in which case the Quotation Day will be determined by the Administrative Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Quotation Day will be the last of those days).

" Rebate " means any credits, rebates, subsidies, payments or other incentives that relate to self-generation of electricity, the use of technology incorporated into a Project, environmental benefits of using a Project, or other similar programs available from the public utility, any other state-regulated renewable energy program, the manufacturer of any part of a Project or any Governmental Authority; provided that Rebates do not include SRECs or production tax credits, investment tax credits, grants in-lieu of tax credits and other tax benefits or Grants or manufacturer and equipment warranties and similar payments.

" Recapture Period " shall mean, in respect of a Project, the period from the Closing Date through the fifth anniversary of the date that the applicable Project is Placed in Service.

" Recipient " shall mean (a) an Agent, (b) any Lender, (c) the Issuing Bank or (d) any other Secured Party, as applicable.

" Reeligible Project " shall mean, as of any Payment Date, an Eligible Project that was an Ineligibility Prepayment Project in respect of which a prepayment was made under Section 3.03(c) on a prior Payment Date and that is no longer the subject of an Ineligibility Event.

" Reference Banks " shall have the meaning given to such term in the definition of "LIBOR."

" Register " shall have the meaning given to such term in Section 11.05(c) .

" Reimbursement Date " shall have the meaning set forth in Section 2.02(c)(ii) .

" Related Party " shall mean, with respect to any Person, each of such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

" Release " shall mean any disposing, discharging, injecting, spilling, leaking, leaching, dumping, pumping, pouring, emitting, escaping, emptying, seeping, migrating, placing and the like, into, under, through or upon any land or water or air, or otherwise entering into the environment, or the threat thereof.

" Relevant Party " shall mean each of the Loan Parties and each of the Funds.

" Rents " shall mean the monies owed to the applicable Relevant Party by the Customers pursuant to the Customer Agreements, including any lease payments under any solar lease agreement and power purchase payments under any solar power service agreement or solar power purchase agreement that is a Customer Agreement.

" Replaced Hedge Provider " shall have the meaning given to such term in Section 3.10(b) .

" Replacement Hedge Provider " shall have the meaning given to such term in Section 3.10(b) .

" Required Facility Lenders " shall mean, with respect to any Facility, at least two Lenders (or all Lenders if there is only one Lender), other than Defaulting Lenders, representing more than 50% of the Commitments, Loans and LC Exposure, as the case may be, outstanding under such Facility.

" Required Inverted Lease Reserve Amount " shall mean the amount, for each Payment Date equal to the sum of the then-applicable Class A FMV for Liberty Tenant and the Margaux Tenant (as determined taking into account any increase in the Class A FMV shown under the Tax Equity Fund Model or following an appraisal pursuant to Section 5.01(d)) for each such Inverted Lease Tenant; provided, that, at the time that an Inverted Lease Tenant becomes a Wholly-Owned Fund, its applicable Class A FMV shall be deemed to be zero.

" Required Lenders " shall mean at least two Lenders (or all Lenders if there is only one Lender), other than Defaulting Lenders, representing more than 50% of the aggregate amount of (and for the avoidance of doubt, taken together) Commitments, Loans and LC Exposure outstanding.

" Reserve Account " means each of the Debt Service Reserve Account, the Additional Reserve Account, the Inverter Reserve Account, the O&M Reserve Account and the Distribution Suspense Account.

" Resignation Effective Date " shall have the meaning given to such term in Section 10.06(a) .

" Resolution Authority " shall mean any body which has authority to exercise any Write-down and Conversion Powers.

" Restricted Payment " shall mean (a) any dividend or any distribution (by reduction of capital or otherwise), whether in cash, Property, securities or a combination thereof, to an owner of a beneficial interest in such Person or otherwise with respect to any ownership or equity interest or security in or of such Person and (b) any payments on subordinated debt contemplated by Section 6.01(d) .

" Revenue Termination Amount " has the meaning given to it in Section 3.03(b) .

" Revenue Termination Event " shall mean:

(a) a Project experiences an Event of Loss and is not repaired, restored, replaced or rebuilt to substantially the same condition as existed immediately prior to the Event of Loss within 120 days of such Event of Loss;

(b) the early termination of any Customer Agreement and payment of the termination payment by the applicable Customer in connection with such termination;

(d) the elective prepayment by the Customer of any future amounts due under a Customer Agreement; and

(e) the purchase of any Project by a Customer in accordance with the terms of the applicable Customer Agreement.

" S&P " shall mean Standard & Poor's Financial Services, LLC, a subsidiary of the McGraw-Hill Companies, Inc.

" Sanctioned Country " shall mean any country or territory that is the subject of comprehensive Sanctions broadly prohibiting or restricting dealings in, with or involving such country or territory.

" Sanctions " shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Sanctions Authority.

" Sanctions Authority " shall mean (a) the United States, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom or (e) the respective governmental institutions of any of the foregoing including, without limitation, Her Majesty's Treasury, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of Commerce, the U.S. Department of State and any other agency of the U.S. government.

" Sanctions List " shall mean any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time (including the list of

Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control of the U.S. Department of the Treasury).

" Secured Hedge Provider " shall have the meaning given to such term in the Collateral Agency Agreement.

" Secured Hedging Obligations " shall mean the obligations of the Borrower under the Secured Interest Rate Hedging Agreements.

" Secured Interest Rate Hedging Agreement " shall mean each Interest Rate Hedging Agreement entered into by the Borrower with a Secured Hedge Provider.

" Secured Party " shall have the meaning given to such term in the Collateral Agency Agreement.

" Seller " shall mean Vivint Solar Developer, LLC, a Delaware limited liability company.

" Serial Defect " shall have the meaning given to such term in the Depository Agreement.

" Service Fees " shall mean, collectively, (i) the Service Incentive Fees and (ii) the "Maintenance Services Fee", "Accounting Fee" and "Administrative Services Fee" as such terms are defined in the applicable Services Agreements, or such other term used to describe periodic payments for included services under the Services Agreements.

" Service Incentive Fees " shall have the meaning given to the terms "Management and Administrative Fee" and individually or collectively, as the context requires, "Provider Incentive Fee" in the applicable Services Agreements, or such other term used to describe periodic payments for included services under the Services Agreements.

" Servicer Termination Event " shall mean:

(a) failure by the Provider or the Manager to make any payment, transfer or deposit required to be made under the terms of Section 5.16 , a Services Agreement or the Management Agreement within three (3) Business Days of the date required;

(b) failure by the Manager to deliver the Manager's report referred to in Section 5.01(a)(iii) or the Provider to deliver the Provider's reports referred to in Section 5.01(a)(iv) within five (5) Business Days of date required to be delivered;

(c) an event of default (howsoever described) or right or cause to remove the Provider or Manager arises under a Services Agreement or the Management Agreement;

(d) an event described in Section 9.01(e) or 9.01(f) occurs with respect to a Provider or the Manager;

(e) any (i) representation or warranty made by the Provider or the Manager in the Services Agreements or Management Agreement, or any Financial Statement or certificate, report or other writing furnished pursuant thereto, or (ii) certificate, report, any Financial Statement or other writing made or prepared by, under the control of or on behalf of the Provider or the Manager shall prove to have been untrue or misleading in any material respect as of the date made; provided , however , that if any such misstatement is capable of being remedied and has not caused a Material Adverse Effect, such Provider or Manager (as applicable) may correct such misstatement by curing such misstatement (or the effect thereof) and delivering a written correction of such misstatement, in a form and substance satisfactory to the Administrative Agent, within thirty (30) days of (x) obtaining Knowledge of such misstatement or (y) receipt of written notice from a Relevant Party or the Administrative Agent of such default;

(f) the Provider or the Manager ceases to be in business of monitoring or maintaining energy equipment of a type comparable to the Projects;

(g) at all times that the Sponsor is the Provider or Manager, an Event of Default shall have occurred and is continuing;

(h) the Debt Service Coverage Ratio is less than 1.05 to 1.00 on any Calculation Date as determined for a period of four consecutive quarters; and

(i) termination of a Services Agreement by a Tax Equity Fund (including the Tax Equity Member on its behalf) other than at its normal expiry date in accordance with its terms.

" Services Agreements " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Services Agreements" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" Similar Law " shall mean the provisions under any federal, state, local, non-U.S. or other Laws or regulations that are similar to the fiduciary responsibility provisions of Title I of ERISA or prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code.

" Sponsor " shall mean Vivint Solar, Inc., a Delaware corporation.

" Sponsor Guaranties " shall mean individually or collectively, as the context requires, each agreement listed under the heading "Sponsor Guaranties" on Schedule 4.22(a) , which may be modified from time to time subject to Section 6.10 .

" SREC " shall mean any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, and attributable to a Project, the production of electrical energy from a Project and its displacement of conventional energy generation, including (a) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (b) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the earth's climate by trapping heat in the atmosphere; and

(c) the reporting rights related to these avoided emissions, including the right of a party to report the ownership of accumulated green tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party, and include green tag reporting rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program; provided that SRECs do not include any Rebates or production tax credits, investment tax credits, grants in-lieu of tax credits and other tax benefits or Grants . Without limiting the generality of the foregoing, SRECs include solar re n ewa b le e n er g y certificates iss u ed to c o m p ly with a stat e ' s re n e wa b l e p o rtf o lio sta nd a rd , carbon trading credits, emissions reduction credits, investment credits, emissions allowances, green tags, tradable renewable credits and Green-e® products .

" SREC Aggregator Master PSA " shall have the meaning given to it on Schedule 4.22(a) .

" SREC Consents " shall mean the DTE SREC Consent and the BP SREC Consent.

" SREC Contract " shall mean a contract for the purchase of SRECs.

" SREC Financing Master PSA " shall have the meaning given to it on Schedule 4.22(a) .

" SREC Guarantor " shall mean Vivint Solar SREC Guarantor, LLC, a Delaware limited liability company.

" SREC Security Agreement " shall mean that certain pledge and security agreement dated as of the Closing Date by and between each SREC Seller Party and the Collateral Agent for the benefit of the Secured Parties.

" SREC Seller Party " shall mean each of Vivint Solar SREC Aggregator, LLC, a Delaware limited liability company, and Vivint Solar SREC Financing, LLC, a Delaware limited liability company.

" Standard Rate " shall mean for any Interest Period, a rate per annum equal to LIBOR for such Interest Period plus the Applicable Margin, calculated as of the relevant Interest Rate Determination Date.

" Stated Amount " shall mean, with respect to any Letter of Credit at any time, the total amount in U.S. Dollars available to be drawn under such Letter of Credit (as reflected on Schedule 1 to such Letter of Credit) at such time.

" Subordinated Holdco Borrower " shall mean Vivint Solar Financing Holdings, LLC, a Delaware limited liability company.

" Subordinated Holdco Facility " shall mean the Financing Agreement, dated March 14, 2016, by and among, Vivint Solar Financing Holdings Parent, LLC, Subordinated Holdco Borrower, the Guarantors (as defined therein) thereto, the Lenders party thereto from

time to time and HPS Investment Partners, LLC, previously known as Highbridge Principal Strategies, LLC.

" Subordinated Holdco Facility Collateral Agent " shall mean HPS Investment Partners, LLC, previously known as Highbridge Principal Strategies, LLC as collateral agent under the Subordinated Holdco Facility.

" Subsidiaries " shall mean each Guarantor and each Fund.

" Swap Agreement " shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

" System Services " shall have the meaning given to the terms "System Services" and "Administrative Services" in the applicable Services Agreements, or such other term used to describe included services under the Services Agreements.

" Target Flip Date " shall, in respect of a Tax Equity Fund, mean the date listed in respect of such Tax Equity Fund under Schedule 4.03(g) , where applicable.

" Targeted Debt Balance " shall have the meaning given to it in Section 3.03(h) .

" Targeted Debt Balance Schedule " shall have the meaning given to it in Section 3.03(h) .

" Tax Equity Consents " shall mean each of the consents to collateral assignments, each executed by the applicable Tax Equity Member, listed on Schedule 4.22(a) .

" Tax Equity Documents " shall mean, for each Tax Equity Fund, the applicable Limited Liability Company Agreement, Master Purchase Agreement, Master Lease Agreement, Pass-Through Agreement, Project Transfer Agreement, Services Agreement, Master Limited Warranty Agreement, Fund SREC Transfer Agreement, each Back-Up Servicing Agreement, each Sponsor Guaranty, each other "Transaction Document" as such term is defined in the Limited Liability Company Agreement of the applicable Tax Equity Funds and any other documents reflecting an agreement between Sponsor (or any Affiliate of Sponsor) and any of the Tax Equity Members relating to such Tax Equity Members' investment in a Project or Tax Equity Fund.

" Tax Equity Fund " shall mean each Fund that is not a Wholly-Owned Fund.

" Tax Equity Fund Model " shall mean the applicable financial equity base case model agreed and accepted by Guarantor and the Tax Equity Member in respect of such Tax Equity Member's tax equity investment in the Tax Equity Fund.

" Tax Equity Member " shall mean, with respect to any Tax Equity Fund, a member of such Tax Equity Fund other than a Guarantor.

" Tax Exempt Person " shall mean (a) the United States, any state or political subdivision thereof, any possession of the United States or any agency or instrumentality of any of the foregoing, (b) any organization which is exempt from tax imposed by the Code (including any former tax-exempt organization within the meaning of Section 168(h)(2)(E) of the Code), (c) any Person who is not a United States Person, (d) any Indian tribal government described in Section 7701(a)(40) of the Code and (e) any "tax-exempt controlled entity" under Section 168(h)(6)(F) of the Code; provided , however , that any such Person shall not be considered a Tax Exempt Person to the extent that (i) the exception under Section 168(h)(1)(D) of the Code applies with respect to the income from the applicable Projects for that Person, (ii) the Person is described within clause (c) of this definition, and the exception under Section 168(h)(2)(B)(i) of the Code applies with respect to the income from the applicable Projects for that Person, or (iii) such Person avoids being a "tax-exempt controlled entity" under Section 168(h)(6)(F) of the Code by making an election under Section 168(h)(6)(F)(ii) of the Code. A Person shall cease to be a Tax Exempt Person if (A) such Person ceases to be a "tax-exempt entity" within the meaning of Section 168(h)(2) of the Code or any successor provision thereto, by virtue of a change in such section or provision of the Code; or (B) such Person ceases to be a "tax-exempt controlled entity" within the meaning of Section 168(h)(6)(F) of the Code or any successor provision thereto, by virtue of a change in such section or provision of the Code.

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

" Term Lender " shall mean a Lender with a Term Loan Commitment, which as of the Closing Date is as set forth on Schedule 2.01 .

" Term Loan " shall mean an extension of credit by a Lender to the Borrower under Section 2.01 . The Term Loans shall constitute one tranche with, and be the same Class as, each other.

" Term Loan Commitment " shall mean, as to each Lender, its obligation to make a Term Loan to the Borrower on the Closing Date pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 ; provided , that the aggregate principal amount of the Lenders' Term Loan Commitments shall not exceed $300,000,000.

" Tracking Model " shall mean, in respect of a Partnership Flip Fund, the meaning given to the term "Tracking Model" in the Limited Liability Company Agreement for such Partnership Flip Fund.

" Trade Date " shall have the meaning given to such term in Section 11.05(b)(i)(B) .

" Transaction Document " shall mean, collectively, each Loan Document and each Portfolio Document.

" Transfer Date Certificate " shall have the meaning given to "Executed Withdrawal/Transfer Instructions" in the Depository Agreement.

" Trigger Event Notice " shall have the meaning given to it in the Depository Agreement.

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

" U.S. Tax Compliance Certificate " shall have the meaning given to such term in Section 3.09(e)(ii)(B)(III) .

" UCC " shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

" Undisclosed Administration " means in relation to a Lender or its direct or indirect parent company the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender or such parent company is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

" Unpledged SREC Account " shall have the meaning given to it in the Depository Agreement.

" Vivint Solar Financing NYGB Entity " shall mean Vivint Solar Financing II NYGB, LLC, a Delaware limited liability company.

" Voting Rights " shall mean the right, directly or indirectly, to vote on or cause the direction of the management and policies of a Person in ordinary and extraordinary matters through the ownership of voting securities; provided , however , that a Person shall not be deemed to hold Voting Rights if by contract or by order, decree or regulation of any Governmental Authority, such Person has effectively ceded or been divested of the power to exercise such vote on, or cause the direction of, such management and policies.

" Wholly-Owned Fund " shall mean any Fund where all its issued membership interests are owned by its applicable Guarantor after the buy-out or withdrawal of the applicable Tax Equity Member.

" Write-down and Conversion Powers " shall mean:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation.

Section 1.02 Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined herein and accounting terms partly defined herein, to the extent not defined, shall have the respective meanings given to them under GAAP as in effect from time to time;

(c) "or" is not exclusive;

(d) "including" shall mean including without limitation;

(e) words in the singular include the plural and words in the plural include the singular;

(f) all references to "$" are to United States dollars unless otherwise stated;

(g) any agreement, instrument or statute defined or referred to in this Agreement or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its successors and permitted assigns; and

(h) the words "hereof", "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

Section 1.03 Time of Day . Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.04 Class of Loan . For purposes of this Agreement, Loans may be classified and referred to by class (" Class "). The "Class" of a Loan refers to whether such Loan is a Term Loan or an LC Loan and, when used in reference to any Commitment, refers to whether such Commitment is a Term Loan Commitment or an LC Loan Commitment.

ARTICLE II
THE LOANS

Section 2.01 The Term Loans .

(a) Subject to the terms and conditions set forth in this Agreement, each Term Lender agrees severally, and not jointly, to make a single Term Loan to the Borrower on the Closing Date in a principal amount equal to its Term Loan Commitment. In no event shall the aggregate principal amount of the Term Loans outstanding on the Closing Date exceed the total aggregate Term Loan Commitments of all Term Lenders. Each Term Lender's Term Loan Commitment shall terminate immediately and without further action on the Closing Date after giving effect to any funding of such Term Lender's Term Loan Commitment on such date.

(b) The Borrower may only make one borrowing under the Term Loan Commitments, which shall be on the Closing Date. The Borrower shall deliver a Borrowing Notice to the Administrative Agent no later than 10:00 a.m. (New York City time) at least two (2) Business Days in advance of the Closing Date (or such shorter timeframe as may be agreed by the Administrative Agent in its sole discretion). The Borrowing Notice shall be irrevocable, shall be signed by an Authorized Officer of the Borrower and shall specify the following information in compliance with this Section 2.01 :

(i) the aggregate amount of the requested Term Loan;

(ii) the proposed Closing Date, which shall be a Business Day;

(iii) the account(s) to which the proceeds of such Term Loan are to be disbursed (if applicable); and

(iv) the initial Interest Period Election.

(c) The Borrower shall use the proceeds of the Term Loan borrowed under this Section 2.01 solely (i) except to the extent funded with a Letter of Credit, to fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Required Amount, (ii) to pay fees due pursuant to the Loan Documents and costs and expenses incurred pursuant to the Loan Documents or otherwise in connection with this financing, (iii) to fund the Proceeds Escrow Account with the Escrowed Amount, (iv) to consummate the Closing Date Assignments under the Closing Date Assignment Agreements and release the Guarantors from

their guarantees under the Aggregation Facility and the Subordinated Holdco Facility and (v) for the general corporate purposes of the Relevant Parties and a distribution to the Sponsor .

(d) Subject to the terms and conditions set forth herein (including the prior satisfaction or waiver of the applicable conditions precedent under ARTICLE VIII), each Term Lender shall make the amount of its Term Loan available to the Administrative Agent (or if directed by the Administrative Agent, the Depository Agent, pursuant to the Closing Date Funds Flow Memorandum) not later than 11:00 a.m. (New York City time) on the Closing Date by wire transfer of same day funds, in Dollars to the account specified in the Closing Date Funds Flow Memorandum. Except as provided herein, upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall, in accordance with the Closing Date Funds Flow Memorandum, make the proceeds of such Term Loans available to the Borrower on the Closing Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Term Loans received into such account from the Term Lenders by 11:00 a.m. (New York City time) on the Closing Date to be credited to the account of the Borrower designated in the Borrowing Notice delivered pursuant to Section 2.01(b) . Amounts borrowed under this Section 2.01 and subsequently repaid or prepaid may not be reborrowed.

Section 2.02 Letters of Credit .

(a) Issuance .

(i) Subject to and upon the terms and conditions set forth herein, the Borrower may request the issuance of, and the Issuing Bank hereby agrees to issue Letters of Credit, for the Borrower's account, at any time during the LC Availability Period solely for the purposes of satisfying the Debt Service Reserve Required Amount (and the Issuing Bank shall refuse to issue a Letter of Credit for any other purpose). Letters of Credit issued hereunder shall constitute utilization of the total aggregate LC Commitment and at any time the LC Exposure of all LC Lenders at such time shall not exceed the total aggregate LC Commitment of all LC Lenders. The Issuing Bank will make available to the beneficiary thereof the original of the Letter of Credit issued by it hereunder.

(ii) Immediately upon the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) by the Issuing Bank and without any further action on the part of the Issuing Bank or the LC Lenders, each LC Lender shall be deemed to have purchased, and hereby agrees to irrevocably purchase, from the Issuing Bank a participation in such Letter of Credit and any drawings honored thereunder in an amount equal to such LC Lender's pro rata share (determined as the percentage which such LC Lender's LC Commitment then constitutes of the aggregate LC Commitments) of the Stated Amount under such Letter of Credit.

(iii) Each Letter of Credit (A) shall be denominated in Dollars, (B) expire no later than the earlier of (x) the fifth anniversary of its date of issuance and (y) the Maturity Date and (C) be issued subject to

"Uniform Customs and Practice for Documentary Credits" (2007 Revision), International Chamber of Commerce, Publication No. 600 or "International Standby Practices 1998", International Chamber of Commerce, Publication No. 590, as mutually agreed between the Borrower, the Administrative Agent and the applicable Issuing Bank.

(b) Notice of LC Activity .

(i) Subject to Section 2.02(d) , the Borrower may request (A) the issuance or extension of any Letter of Credit and (B) any decrease or increase in the Stated Amount thereof by delivering to the Administrative Agent and the Issuing Bank an irrevocable written notice in the form of Exhibit C-2 , appropriately completed (a " Notice of LC Activity "), which shall specify, among other things: the particulars of the Letter of Credit to be issued, extended or amended, including (1) the proposed issuance, extension or amendment date of the requested Letter of Credit (which shall be a Business Day); (2) the requested Stated Amount of the Letter of Credit or the amount by which such Stated Amount is to be decreased or increased (as applicable); (3) the expiry date thereof; (4) the name and address of the beneficiary thereof; (5) the documents to be presented by such beneficiary in case of any drawing thereunder; (6) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (7) and, in the case of an amendment, the Letter of Credit to be amended, the nature of the amendment and the written confirmation of the beneficiary of such Letter of Credit confirming a decrease or increase in the Stated Amount of such Letter of Credit; provided , however , that in no instance may any request for a Letter of Credit or the increase in the Stated Amount of a Letter of Credit cause the LC Exposure of all LC Lenders to exceed the total aggregate LC Commitment. The Borrower shall deliver the Notice of LC Activity to the Administrative Agent (with a copy to the Issuing Bank) by 11:00 a.m. at least five (5) Business Days before the date of issuance, extension, increase or decrease of the Stated Amount of the Letter of Credit; provided that, in respect of the issuance of a Letter of Credit on the Closing Date, the Borrower shall deliver the Notice of LC Activity to the Administrative Agent (with a copy to the Issuing Bank) by 11:00 a.m. at least three (3) Business Days before the Closing Date. Additionally, the Borrower shall furnish to the applicable Issuing Bank and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance, extension or amendment, including any LC Documents, as such Issuing Bank or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any LC Application, the applicable Issuing Bank will confirm with the Administrative Agent that the Administrative Agent has received a copy of such LC Application from the Borrower and, if not, such Issuing Bank will provide the Administrative Agent with a copy thereof. Upon receipt by such Issuing Bank of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in

accordance with the terms hereof, then, upon (x) the amendment date, in the case of a requested increase or decrease of the Stated Amount under a Letter of Credit, or (y) the date specified as being the date requested for issuance or extension, in the case of the issuance or extension of a Letter of Credit, in each case as the applicable date is specified in such Notice of LC Activity, subject to the terms and conditions set forth in this Agreement (including Section 2.02(d) and the applicable conditions precedent set forth in Section 8.03), the Issuing Bank shall, by amendment to the Letter of Credit, adjust the Stated Amount thereof downward or upward, as applicable, to reflect the decrease or increase, as applicable, or issue or extend the Letter of Credit, in each case as specified in such Notice of LC Activity. Upon the issuance of any Letter of Credit by the Issuing Bank or amendment or modification to a Letter of Credit, (1) the Issuing Bank shall promptly notify the Administrative Agent of such issuance, extension or amendment and (2) the Administrative Agent shall then promptly notify each applicable LC Lender of such issuance, extension or amendment and each such notice shall be accompanied by a copy of such Letter of Credit or amendment or modification to a Letter of Credit and the amount of each applicable LC Lender's respective participation in such Letter of Credit.

(c) Drawing Payment, Funding of Participations, Funding LC Loans and Reimbursement .

(i) The Issuing Bank shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit so as to ascertain whether such documents appear on their face to be in accordance with the terms and conditions of such Letter of Credit. Any Drawing Payment with respect to a Letter of Credit shall reduce the Stated Amount thereof dollar for dollar. As between Borrower and Issuing Bank, Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by Issuing Bank, by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, Issuing Bank shall not be responsible for: (A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (C) failure of the beneficiary of any such Letter of Credit to comply fully with any conditions required in order to draw upon such Letter of Credit; (D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (E) errors in interpretation of technical terms; (F) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (G) the misapplication by the

beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (H) any consequences arising from causes beyond the control of Issuing Bank, including any acts or omissions by any Governmental Authority; none of the above shall affect or impair, or prevent the vesting of, any of Issuing Bank's rights or powers hereunder. Without limiting the foregoing and in furtherance thereof, any action taken or omitted by Issuing Bank under or in connection with the Letters of Credit or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not give rise to any liability on the part of Issuing Bank to Borrower. Notwithstanding anything to the contrary contained in this Section 2.02(c)(i) , Borrower shall retain any and all rights it may have against Issuing Bank for any liability arising solely out of the gross negligence or willful misconduct of Issuing Bank as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(ii) If the Issuing Bank shall make any Drawing Payment, it shall provide notice thereof to the Borrower and the Administrative Agent by telephone (confirmed telecopy) (provided that the failure to deliver such notice shall not relieve Borrower of its obligation to reimburse the Issuing Bank in accordance with this Agreement), that such Drawing Payment has been made and the Borrower shall reimburse the Issuing Bank in respect of such Drawing Payment by paying to the Administrative Agent an amount equal to such Drawing Payment and any interest accrued pursuant to Section 2.02(g) not later than 11:00 a.m., on the Business Day (the " Reimbursement Date ") that is one Business Day following the date on which the Drawing Payment is made; provided , anything contained herein to the contrary notwithstanding, unless Borrower shall have notified Administrative Agent and the Issuing Bank prior to 12:00 p.m. (New York City time) on the date such Drawing Payment is made that Borrower intends to reimburse the Issuing Bank for the amount of such Drawing Payment with funds other than the proceeds of LC Loans, Borrower shall be deemed to have requested on the date that such Drawing Payment is made that its obligation to reimburse such Drawing Payment be financed by the LC Lenders through a borrowing of LC Loans on the Reimbursement Date in an amount in Dollars equal to the amount of such Drawing Payment and, subject to no Event of Default provided under Section 9.01(a) , (e) or (f) having occurred, each LC Lender shall, on the Reimbursement Date with respect to such Drawing Payment make loans (" LC Loans ") ratably (based on the percentage which such LC Lender's LC Commitment then constitutes of the total aggregate LC Commitments) in an aggregate amount equal to such Drawing Payment, the proceeds of which shall be applied directly by Administrative Agent to reimburse the Issuing Bank for the amount of such honored drawing; and provided further , if for any reason proceeds of LC Loans are not received by the Issuing Bank on the date of such Drawing Payment in an amount equal to the amount of such Drawing Payment, Borrower shall reimburse the Issuing Bank, on demand, in an amount in same day funds equal to the excess of the amount of such Drawing Payment over the aggregate amount of such applicable LC Loans, if any, which are so received. All such

Loans shall be secured by the Collateral Documents as if made directly to the Borrower.

(iii) Immediately upon the issuance of each Letter of Credit, each LC Lender shall be deemed to have purchased, and hereby agrees to irrevocably purchase, from Issuing Bank a participation in such Letter of Credit and any drawings honored thereunder in an amount equal to such LC Lender's pro rata share (determined as the percentage which such LC Lender's LC Commitment then constitutes of the aggregate LC Commitments) of the maximum amount which is or at any time may become available to be drawn thereunder. In the event that the Borrower shall fail for any reason to reimburse the Issuing Bank as provided in clause (ii) above on the applicable Reimbursement Date (including where an Event of Default provided under Section 9.01(a) , (e) or (f) has occurred), the (A) Issuing Bank shall promptly notify the Administrative Agent of the unreimbursed amount of such Drawing Payment with respect to a Letter of Credit and each LC Lender's respective participation therein and (B) then the Administrative Agent shall promptly notify each LC Lender of the unreimbursed amount of such Drawing Payment with respect to a Letter of Credit and such LC Lender's respective participation therein. Each LC Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such LC Lender's pro rata share (determined as the percentage which such LC Lender's LC Commitment then constitutes of the aggregate LC Commitments) of each such Drawing Payment on a Letter of Credit within one Business Day after receiving notice. Each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. In the event that any LC Lender fails to make available to Issuing Bank on such Business Day the amount of such LC Lender's participation in such Letter of Credit as provided in this Section 2.02(c)(iii) , Issuing Bank shall be entitled to recover such amount on demand from such Lender together with interest thereon for three Business Days at the rate customarily used by Issuing Bank for the correction of errors among banks and thereafter at LIBOR for an Interest Period of 3 months. Nothing in this Section 2.02(c)(iii) shall be deemed to prejudice the right of any LC Lender to recover from Issuing Bank any amounts made available by such LC Lender to Issuing Bank pursuant to this Section 2.02(c)(iii) in the event that the payment with respect to a Letter of Credit in respect of which payment was made by such LC Lender constituted gross negligence or willful misconduct on the part of Issuing Bank. In the event Issuing Bank shall have been reimbursed by other LC Lenders pursuant to this Section 2.02(c)(iii) for all or any portion of any drawing honored by Issuing Bank under a Letter of Credit, such Issuing Bank shall distribute to each LC Lender which has paid all amounts payable by it under this Section 2.02(c)(iii) with respect to such honored drawing such LC Lender's pro rata share (determined as the percentage which such LC Lender's participation in the reimbursed Drawing Payment then constitutes of the aggregate reimbursed Drawing Payment) of all payments subsequently received by Issuing Bank from Borrower in reimbursement of such honored drawing when such payments are

received. Any such distribution shall be made to an LC Lender at its primary address set forth below its name on Appendix B to such Letter of Credit or at such other address as such Lender may request.

(d) Other Reductions of Stated Amount; Cancellation or Return .

(i) The Borrower may, from time to time upon five (5) Business Days' notice and the delivery of a Notice of LC Activity pursuant to clause (b) above to the Administrative Agent, the Issuing Bank and the LC Lenders, permanently reduce (A) the total aggregate LC Commitment or (B) the Stated Amount of any Letter of Credit, in each case by the amount of $50,000, or an integral multiple thereof, or, the Borrower may, from time to time upon five (5) Business Days' prior notice to the Administrative Agent, the Issuing Bank and the LC Lenders, cancel any Letter of Credit in its entirety; provided , however , that (x) so long as any Obligations remain outstanding, the Administrative Agent shall be satisfied that no reduction or cancellation would result in the amounts available under the Debt Service Reserve Account being less than the Debt Service Reserve Required Amount at such time or cause a violation of any provision of this Agreement or a breach of any provision of any other Loan Document and (y) in respect of a reduction or cancellation of an issued Letter of Credit, the Administrative Agent shall have received written notice from the applicable beneficiary of such Letter of Credit, confirming such reduction or cancellation. The total aggregate LC Commitment shall not be reduced if the effect thereof would be to cause the LC Exposure of all LC Lenders to exceed the total aggregate LC Commitment. Upon the expiration or cancelation of a Letter of Credit, the Stated Amount in respect of such Letter of Credit shall be permanently reduced to zero.

(ii) Once reduced or cancelled solely pursuant to clause (i) above, the total aggregate LC Commitment may not be increased.

(iii) Any reductions to the total aggregate LC Commitment shall be applied ratably to each applicable LC Lender's Commitment.

(iv) The Letters of Credit shall expire on their respective Expiration Dates, or on such earlier date if canceled pursuant to the terms of this Agreement or the applicable Letter of Credit.

(e) Commercial Practices; Obligations Absolute . The Borrower assumes all risks of the acts or omissions of beneficiary or transferee of any Letter of Credit with respect to the use of such Letter of Credit. The obligations of the Borrower to reimburse the Issuing Bank for any Drawing Payments and to repay any Loans made by the applicable LC Lenders pursuant to Section 2.02(c) and the obligations of the applicable LC Lenders under Section 2.02(c) shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms hereof under all circumstances regardless of: (i) the use which may be made of the Letters of Credit or for any acts or omissions of any beneficiary or transferee in connection

therewith; (ii) any reference which may be made to this Agreement or to the Letters of Credit in any agreements, instruments or other documents; (iii) the validity, sufficiency or genuineness of documents (including this Agreement) other than the Letters of Credit, or of any endorsement(s) thereon, which appear on their face to be valid, sufficient or genuine, as the case may be, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged or any statement therein prove to be untrue or inaccurate in any respect whatsoever; (iv) payment by the Issuing Bank against presentation of documents which do not strictly comply with the terms of the Letters of Credit, including failure of any documents to bear any reference or adequate reference to such Letters of Credit so long as such documents substantially comply with the terms of the Letter of Credit; (v) any amendment or waiver of or any consent to departure from all or any terms of any of the Loan Documents; (vi) the existence of any claim, setoff, defense or other right which the Borrower may have at any time against any beneficiary or transferee of any Letter of Credit (or any Persons for whom any such beneficiary or transferee may be acting), the Administrative Agent, the Issuing Bank, any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or in the other Loan Documents, or in any unrelated transaction; (vii) any breach of contract or dispute among or between the Borrower, the Administrative Agent, the Issuing Bank, any Lender, or any other Person; (viii) any demand, statement, certificate, draft or other document presented under the Letters of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (ix) any extension of time for or delay, renewal or compromise of or other indulgence or modification to a Drawing Payment or a Loan granted or agreed to by the Administrative Agent, the Issuing Bank, or any applicable Lender in accordance with the terms of this Agreement; (x) any failure to preserve or protect any Collateral, any failure to perfect or preserve the perfection of any Lien thereon, or the release of any of the Collateral securing the performance or observance of the terms of this Agreement or any of the other Loan Documents; or (xi) any other circumstances whatsoever in making or failing to make payment under the Letters of Credit, except that, in each case, payment by Issuing Bank under the applicable Letter of Credit shall not have constituted gross negligence or willful misconduct of Issuing Bank under the circumstances in question as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(f) Indemnification . Without duplication of any obligation of Borrower under Section 3.06 , in addition to amounts payable as provided herein, Borrower hereby agrees to protect, indemnify, pay and save harmless Issuing Bank from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel) which Issuing Bank may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit by Issuing Bank, other than as a result of (1) the gross negligence or willful misconduct of Issuing Bank as determined by a final, non-appealable judgment of a court of competent jurisdiction or (2) the wrongful dishonor by Issuing Bank of a proper demand for payment made under any Letter of Credit issued by it, or (ii) the failure of Issuing Bank to honor a drawing under any such Letter of Credit as a result of any act or omission by any Governmental Authority.

(g) Interim Interest . If the Issuing Bank shall make any Drawing Payment, then, unless Borrower shall reimburse such Drawing Payment in full on the date such Drawing Payment is made, the unpaid amount thereof shall bear interest, for each day from and

including the date such Drawing Payment is made to but excluding the date that the Borrower reimburses such Drawing Payment in full, at a rate equal to LIBOR for an Interest Period of 3 months, *plus* the Applicable Margin; provided that, if Borrower fails to reimburse such Drawing Payment on the Reimbursement Date applicable thereto pursuant to Section 2.02(c)(ii) through the conversion to an LC Loan, or otherwise, then such overdue amount shall bear interest (after as well as before judgment) at a rate equal to LIBOR for an Interest Period of 3 months *plus* the Applicable Margin, *plus* 2% per annum. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank.

Section 2.03 Computation of Interest and Fees .

(a) The Interest Period with respect to a Loan shall be selected by Borrower under an Interest Period Election Notice delivered to the Administrative Agent no later than 10:00 a.m. (New York City time) at least three (3) Business Days in advance of each Interest Rate Determination Date.

(b) In the event Borrower fails to specify an Interest Period for any Loan in an Interest Period Election Notice, Borrower shall be deemed to have selected an Interest Period with the same duration as the immediately prior Interest Period.

(c) All computations of interest shall be made on the basis of a year of 360 days and actual days elapsed. Interest shall accrue on each Loan at an interest rate per annum equal to the Standard Rate from the day on which the Loan is made until, but not including the day on which the Loan is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 3.01(b) , bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 2.04 Evidence of Debt . The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note substantially in the form of Exhibit F-1 (in the case of a Term Loan) and Exhibit F-2 (in the case of an LC Loan), (each, a " Note "), which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

Section 2.05 Conditions to Permitted Fund Disposition . The Borrower shall be permitted to sell, assign, transfer or otherwise dispose of the Guarantor Membership Interests in respect of any Guarantor (a " Permitted Fund Disposition ") subject to the satisfaction of the following conditions precedent each in a form and substance reasonably satisfactory to the Administrative Agent:

(a) the Borrower shall have delivered to the Administrative Agent (i) a Permitted Fund Disposition Certificate and (ii) a Base Case Model updated to reflect (x) the reduction in Eligible Revenues and Operating Expenses from the Eligible Projects disposed of pursuant to such Permitted Fund Disposition, (y) the prepayment contemplated by Section 2.05(b) and Section 3.03(f) and (z) changes to market interest rates (to the extent floating rate exposure is unhedged) and interest rate protection in respect thereof, in each case, at least seven (7) Business Days prior to the date of such Permitted Fund Disposition;

(b) the Borrower shall have (i) made a prepayment of the Term Loans in connection with such Permitted Fund Disposition in an amount sufficient to demonstrate that, following such prepayment, the updated Base Case Model delivered pursuant to Section 2.05(a) shall comply with the Debt Sizing Parameters, the Portfolio Concentration Limits and Section 2.05(k) and (ii) to the extent required by Section 5.11 , paid an additional amount necessary to pay all early termination payments due and payable to the Secured Hedge Providers on any partial early termination of an Interest Rate Hedging Agreement required to be made in connection with such prepayment;

(c) no Default, Event of Default or Distribution Trap shall have occurred and be continuing or would occur as a result of such Permitted Fund Disposition;

(d) such Permitted Fund Disposition, individually or in the aggregate with each other Permitted Fund Disposition, could not reasonably be expected to have a Material Adverse Effect on the Borrower;

(e) the Reserve Accounts are funded in the required amounts in accordance with the Depository Agreement;

(f) there are no unreimbursed drawings on a Letter of Credit and there are no outstanding LC Loans;

(g) the documentation of such sale, assignment, transfer or disposal expressly provides that such sale, assignment, transfer or disposal shall be without liability or recourse for any reason to any Relevant Party other than the Fund transferred in connection with such Permitted Fund Disposition;

(h) after giving effect to such Permitted Fund Disposition, no Relevant Party shall have any obligation or liability to (i) the transferred entity, (ii) any Fund transferred (directly or indirectly), (iii) the transferee or (iv) any other Person pursuant to any Portfolio Documents in respect of the transferred entities or any Fund transferred (directly or indirectly) in connection with such Permitted Fund Disposition;

(i) after giving effect to such Permitted Fund Disposition, the portion of Cash Available for Debt Service projected to be derived from Cash Diversion Funds is no greater than immediately prior to such Permitted Fund Disposition;

(j) after giving effect to such Permitted Fund Disposition, the average FICO® Score determined for all Customers is no less than immediately prior to such Permitted Fund Disposition, where such average FICO® Scores are weighted by the nameplate capacity of each Customer's Project;

(k) after giving effect to the prepayment required pursuant to Section 3.03(f) , the ratio of (i) the principal outstanding under this Agreement to (ii) Portfolio Value, shall be no greater than it was immediately prior to such Permitted Fund Disposition; and

(l) after giving effect to such Permitted Fund Disposition, the nameplate capacity of Projects with Customers that are trusts shall not exceed 1% of the nameplate capacity of all Projects.

ARTICLE III
ALLOCATION OF COLLECTIONS; PAYMENTS TO LENDERS

Section 3.01 Payments .

(a) At least five (5) Business Days prior to each Payment Date and Interest Payment Date, the Borrower shall deliver, or cause Manager to deliver, to the Administrative Agent, Collateral Agent and Depository Agent, a Transfer Date Certificate in the form attached as Exhibit A to the Depository Agreement. All withdrawals and transfers will be made based upon the information provided in the Transfer Date Certificate.

(b) Payments Generally . All payments to be made by the Borrower shall be made free and clear of any Liens and without restriction, condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise provided below, all payments made with respect to the Loans on each Payment Date and Interest Payment Date shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent ' s Office in Dollars and in immediately available funds not later than 12:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its pro rata share of the principal amount paid according to the outstanding principal amounts of the applicable Loan held by the Lenders (or other applicable share of such payment as expressly provided herein) in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. Unless and until each of the Administrative Agent and the Borrower receives written notice to the contrary from NY Green Bank, each of the Administrative Agent and the Borrower shall pay all amounts that are due and payable by it to Vivint Solar Financing NYGB Entity as a Lender

under this Agreement directly to, Account Number [***], ABA [***] or to such other account or Person designated by NY Green Bank, as may be notified to each of the Administrative Agent, the Collateral Agent and the Borrower in writing from time to time by NY Green Bank until the date of receipt by the Administrative Agent of the NY Green Bank Termination Notice; provided , that prior to any distribution of collateral proceeds payable to Vivint Solar Financing NYGB Entity pursuant to Section 2.02 of the Collateral Agency Agreement, the Administrative Agent shall direct the Collateral Agent to instruct the Depository Bank, in accordance with Section 3.05(a) of the Depository Agreement, to pay any amounts due to Vivint Solar Financing NYGB Entity as a Secured Party pursuant Section 2.02 of the Collateral Agency Agreement to an account held in the name of Vivint Solar Financing NYGB Entity and designated by NY Green Bank to the Collateral Agent pursuant to Section 10.2.4 of the NY Green Bank Loan Agreement . All amounts so paid shall be deemed paid to Vivint Solar Financing NYGB Entity as a Lender under this Agreement.

Section 3.02 Optional Prepayments . The Borrower (or Sponsor on Borrower's behalf) may, upon irrevocable written notice to the Administrative Agent at any time or from time to time, voluntarily prepay Loans in whole or in part in minimum amounts of not less than $1,000,000; provided that such notice must be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days (or such shorter period as is acceptable to the Administrative Agent) prior to any date of prepayment. Each such notice shall specify the date and amount of such prepayment. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's pro rata share of such prepayment. Upon giving of the notice, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

Section 3.03 Mandatory Principal Payments . The Borrower shall make the following mandatory prepayments on the Loans:

(a) Incurrence of Indebtedness . On the date of receipt thereof, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , 100% of the Net Available Amount of all proceeds in cash and cash equivalents (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) to the Borrower or any other Loan Party from, without limitation to ARTICLE IX , the issuance or incurrence of any Indebtedness by any Relevant Party (other than as permitted to be incurred pursuant to Section 6.01).

(b) Revenue Termination Events . Subject to Section 3.03(m) , on each Payment Date the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , an amount (the " Revenue Termination Amount ") equal to the lesser of (x) 100% of the Net Available Amount of all proceeds received by or scheduled to be received by the Borrower or any Guarantor in connection with each Revenue Termination Event occurring during the calendar quarter ending on the immediately prior Calculation Date and (y) an amount determined by multiplying [***] by the reduction in Portfolio Value resulting from or attributable to each such Revenue Termination Event (disregarding any proceeds received in

respect of such Revenue Termination Event and assuming that no Collections will be received in respect of such Revenue Termination Event).

(c) Ineligibility Events . Subject to Section 3.03(m) , on each Payment Date, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , an amount equal to (the " Ineligibility Amount ") (i) [***] multiplied by the reduction in Portfolio Value resulting from or attributable to each Ineligibility Prepayment Project for such Payment Date (disregarding any proceeds received in respect of such Ineligibility Prepayment Project and assuming that no Collections will be received in respect of such Ineligibility Prepayment Project), less (ii) [***] multiplied by the increase in Portfolio Value resulting from or attributable to each Reeligible Project ceasing to be the subject of an Ineligibility Event, to the extent the increase in Portfolio Value in respect of such Reeligible Project has not previously been credited under this clause (ii) , provided that the Ineligibility Amount shall not be less than zero.

(d) Payment Facilitation Events . Subject to Section 3.03(m) , on each Payment Date the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , an amount (the " Payment Facilitation Amount ") determined by multiplying [***] by the reduction in Portfolio Value resulting from or attributable to each Payment Facilitation Event occurring during the calendar quarter ending on the immediately prior Calculation Date.

(e) Escrow Proceeds . On the final day of the Disbursement Period, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , 100% of the remaining amounts deposited in and standing to the credit of the Proceeds Escrow Account after any Disbursement Amount has been made available to the Borrower.

(f) Permitted Fund Disposition . On the date of any Permitted Fund Disposition, the Borrower shall, as a condition to such Permitted Fund Disposition, apply towards the mandatory prepayment of the Term Loans in accordance with Section 3.04 the aggregate amount determined pursuant to Section 2.05(b) (together with (x) such amount, if any, contemplated to be applied towards early termination payments due under an Interest Rate Hedging Agreement pursuant to Section 2.05(b) and in Section 5.11 and (y) such amount to be applied to repayment of the LC Loans as contemplated under Section 2.05(f)).

(g) Distribution Trap Cash Sweep . On each Payment Date during an Early Amortization Period, the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , 100% of the amounts deposited in and standing to the credit of the Collections Account and the Distribution Suspense Account after giving effect to all prior withdrawals and transfers pursuant to Section 4.02(b) of the Depository Agreement.

(h) Target Debt Balance Cash Sweep . On each Payment Date, the Borrower shall apply towards the mandatory prepayment of the Term Loans in accordance with Section 3.04 , an aggregate amount (if any) necessary to achieve the Targeted Debt Balance set forth on Annex B hereto for such aggregate amount equal to the amount of such prepayment

(such amount, subject to the immediately following proviso, the " Targeted Debt Balance "); provided , that, in connection with each mandatory prepayment made pursuant to clauses (a) through (f) , above, the applicable Targeted Debt Balance shall be reduced on a dollar-for-dollar basis. A failure of the Borrower to prepay the Term Loans pursuant to this Section 3.03(h) in an amount sufficient to achieve the applicable Targeted Debt Balance shall not constitute an Event of Default . Annex B (the " Targeted Debt Balance Schedule ") shall be updated at each occasion on which that the Amortization Schedule is updated pursuant to Section 3.05(d) . The Administrative Agent may (but shall not be required to) notify the Borrower of any corrections to the Targeted Debt Balance Schedule that are not inconsistent with the terms of this Agreement and, once approved by the Administrative Agent, shall be deemed to be attached to this Agreement as the revised Targeted Debt Balance Schedule.

(i) Event of Default Cash Sweep . On each Payment Date after the occurrence of an Event of Default which is continuing (but prior to the receipt of a Trigger Event Notice by the Depository Agent), the Borrower shall apply towards the mandatory prepayment of the Loans in accordance with Section 3.04 , 100% of the amounts deposited in and standing to the credit of the Collections Account and the Distribution Suspense Account after giving effect to all prior withdrawals and transfers pursuant to Section 4.02(b)(i) through (vi) of the Depository Agreement.

(j) Eligible REC Contract Claim Proceeds . In the event that the SREC Guarantor or a SREC Seller Party receives any proceeds from claims made under any Eligible SREC Contract (including any liquidated damages or termination proceeds) or any proceeds are received from the enforcement of the SREC Security Agreement, the Borrower shall apply 100% of such proceeds towards the mandatory prepayment of the Loans in accordance with Section 3.04 .

(k) Concurrently with any prepayment of the Loans pursuant to Section 3.03(a) , Borrower shall deliver to Administrative Agent a certificate of an Authorized Officer of the Borrower demonstrating the calculation of the amount of the applicable net cash proceeds or other amounts to be prepaid, as the case may be. In the event that Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, Borrower shall promptly make an additional prepayment of the Loans in an amount equal to such excess, and Borrower shall concurrently therewith deliver to Administrative Agent a certificate of an Authorized Officer of the Borrower demonstrating the derivation of such excess.

(l) At the same time as a Transfer Date Certificate is provided prior to each Payment Date, Borrower shall provide to Administrative Agent a Project Prepayment Certificate. The Administrative Agent may notify the Borrower in writing of any suggested corrections, changes or adjustments to a Project Prepayment Certificate that are not inconsistent with the terms of this Agreement.

(m) No prepayment shall be due and payable (i) under Section 3.03(b) , or (c) until the Payment Date occurring immediately after the sum of the Revenue Termination Amount and the Ineligibility Amount accrued from all prior calendar quarters is at least equal to $1,000,000 (and such unpaid accrued aggregate amount shall be paid in full on such Payment Date), and (ii) under Section 3.03(d) , until the Payment Date occurring immediately after the Payment Facilitation Amount accrued from all prior calendar quarters is at least equal to $250,000 (and such unpaid accrued aggregate amount shall be paid in full on such Payment Date).

Section 3.04 Application of Prepayments . Amounts prepaid pursuant to Section 3.02 or Section 3.03 shall (except as otherwise contemplated pursuant to Section 3.03 (f)) be applied (a) first , on a pro rata basis to (i) the outstanding Term Loans to be applied pro rata to remaining scheduled installments thereof (other than any prepayment made pursuant to Section 3.03(g) , Section 3.03(h) and Section 3.03(i) , which such amount shall be applied in inverse order of maturity of remaining scheduled installments) and (ii) all early termination payments due and payable to the Secured Hedge Providers on any partial early termination of an Interest Rate Hedging Agreement required to be made in connection with such prepayment and (b) second , on a pro rata basis, to prepay any outstanding LC Loans. Any Letter of Credit outstanding after payment of the Loans in full and cancellation of the Commitments shall be cancelled. Any prepayment of a Loan shall be accompanied by all accrued but unpaid interest on the principal amount prepaid and any amounts due pursuant to Section 3.11(f) . Each prepayment shall be paid to the Lenders in accordance with their respective pro rata share of the outstanding principal amount of such Loan.

Section 3.05 Payments of Interest and Principal .

(a) Subject to the provisions of Section 3.05(b) below, each Loan shall bear interest on the outstanding principal amount thereof for the Interest Period at a rate per annum equal to the Standard Rate for the Interest Period.

(b) If (i) any amount payable by the Borrower under any Loan Document is not paid when due, whether at stated maturity, by acceleration or otherwise or (ii) an Event of Default occurs pursuant to Section 9.01(e) or Section 9.01(f) all outstanding Obligations shall thereafter bear interest (including post-petition interest in any proceeding under any Debtor Relief Law), payable on demand, at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws until such defaulted amount shall have been paid in full. Payment or acceptance of the increased rates of interest provided for in this Section 3.05(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of any Secured Party.

(c) Interest on each Loan shall be due and payable in arrears (i) on each Interest Payment Date, (ii) on the Maturity Date, (iii) upon prepayment of any Loans in accordance with Section 3.03 and (iv) at maturity (whether by acceleration or otherwise), provided , that interest payable pursuant to Section 3.05(b) shall be payable on demand. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) On each Payment Date, the Borrower shall pay principal then due on the Loans. The principal due in respect of the Term Loans on each Payment Date is set forth on Annex A (as such Annex is amended from time to time in accordance with the terms of this Agreement, the " Amortization Schedule "). The Amortization Schedule shall be updated as necessary on or prior to each Payment Date to take into account the reduction of principal in connection with any voluntary prepayment or mandatory prepayment on the Term Loans pursuant to Section 3.02 or Section 3.03 occurring since the last Payment Date (including following any Permitted Fund Disposition pursuant to Section 2.05) . An updated Amortization Schedule shall be delivered by the Borrower to the Administrative Agent in connection with each updated Base Case Model and within five (5) Business Days of the date of any such voluntary prepayment or mandatory prepayment of Term Loans, as applicable. The Administrative Agent may (but shall not be required to) notify the Borrower of any corrections to the Amortization Schedule that are not inconsistent with the terms of this Agreement and, once approved by the Administrative Agent, shall be deemed to be attached to this Agreement as the revised Amortization Schedule.

(e) To the extent not previously paid, the Borrower shall repay to the Administrative Agent, for the account of the Term Lenders, each Term Loan in full, together with all accrued and unpaid interest thereon and fees and costs and other amounts due and payable under the Loan Documents with respect to such Term Loans, on the Maturity Date.

(f) Subject to the limitations set forth in Section 9.03 , Sponsor may, but shall be under no obligation to, make capital contributions to the Borrower to enable it to pay the interest due at the Standard Rate or principal on any Interest Payment Date or Payment Date.

(g) To the extent not previously paid from cash applied on a Payment Date pursuant to the Depository Agreement, the Borrower shall repay to the Administrative Agent, for the account of the LC Lenders, each LC Loan in full, together with all accrued and unpaid interest thereon and fees and costs and other amounts due and payable under the Loan Documents with respect to such LC Loans, on the Maturity Date.

Section 3.06 Fees .

(a) The Borrower agrees to pay to the Administrative Agent, for the account of each LC Lender pro rata to their participation in any Letter of Credit, letter of credit fees equal to (i) the Applicable Margin *times* (ii) the average aggregate daily maximum amount available to be drawn under all such Letters of Credit (regardless of whether any conditions for drawing could then be met and determined as of the close of business on any date of determination), payable quarterly in arrears on (A) each Payment Date and (B) the Maturity Date.

(b) The Borrower agrees to pay directly to Issuing Bank, for its own account, such documentary and processing charges for any issuance, amendment, transfer or payment of a Letter of Credit as are in accordance with Issuing Bank's standard schedule for such charges and as in effect at the time of such issuance, amendment, transfer or payment, as the case may be.

(c) The Borrower agrees to pay each applicable Lender the fees in accordance with the Fee Letters.

(d) The Borrower agrees to pay to the Administrative Agent, for the account of each LC Lender pro rata to their LC Commitments, the LC Commitment Fee, payable quarterly in arrears on (i) each Payment Date and (ii) the final day of the LC Availability Period.

(e) In addition to any of the foregoing fees, the Borrower agrees to pay to the Agents such other fees in the amounts and at the times separately agreed upon between the Borrower and the applicable Agent.

Section 3.07 Expenses, etc.

(a) The Borrower agrees to pay to the Secured Parties (i) all reasonable and documented out-of-pocket costs and expenses in connection with the preparation, execution, and delivery of this Agreement and the other documents to be delivered hereunder or in connection herewith, including the reasonable and documented third-party fees and out-of-pocket expenses of its counsel, its insurance consultant, any independent engineers and other advisors or consultants retained by it), (ii) all reasonable and documented costs and expenses in connection with any actual or proposed amendments of, or modifications of or waivers or consents under, this Agreement or the other Loan Documents, including in each case the reasonable and documented fees and out-of-pocket expenses of counsel and consultants with respect thereto; provided, that, at the request of the Borrower, the Administrative Agent shall consult with the Borrower regarding the estimated amount of expenses that would be incurred, (iii) all costs and expenses (including fees and expenses of counsel) incurred by any Secured Party (for the account of such Secured Party), if any, in connection with any restructuring or workout proceedings (whether or not consummated) and the other documents delivered thereunder or in connection therewith, and (iv) all Additional Expenses.

(b) The Borrower agrees to timely pay in accordance with applicable Law any and all present or future stamp, transfer, recording, filing, court, documentary and other similar Taxes payable in connection with the execution, delivery, filing, recording of, from the receipt or perfection of a security interest under, or otherwise with respect to, any of the Loan Documents, and agrees to indemnify and hold harmless the Lenders and the Administrative Agent from and against any liabilities with respect to or resulting from any delay in paying or any omission to pay such Taxes, in each case, as the same are incurred.

(c) Once paid, all fees or other amounts or any part thereof payable under this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby shall not be refundable under any circumstances, regardless of whether any such transactions are consummated. All fees and other amounts payable hereunder shall be paid in Dollars and in immediately available funds.

(d) Reimbursement by Lenders . To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Section 3.07(a) or Section 3.08 to be paid by it to the Administrative Agent (or any sub-Administrative Agent thereof) or any Related Party, and without limitation of the obligations of the Borrower and such Related Parties to pay such amounts, each Lender severally agrees to pay to the Administrative Agent (or any such sub-Administrative Agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on such Lender's percentage of the Commitments, Loans and LC Exposure outstanding) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), provided, further , that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-Administrative Agent) in its capacity as such, or against any Related Party, acting for the Administrative Agent (or any such sub-Administrative Agent) in connection with such capacity. The obligations of the Lenders hereunder to make payments pursuant to this Section 3.07(d) are several and not joint. The failure of any Lender to make any payment under this Section 3.07(d) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its payment under this Section 3.07(d) . Each Lender's obligation under this Section 3.07(d) shall survive the resignation or replacement or removal of any Agent or any assignment of rights by or replacement of a Lender, the termination of the Commitments and the satisfaction or discharge of all other Obligations.

(e) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, none of the Borrower, any Secured Party nor any of their respective Affiliates shall assert, and each of them hereby waives and acknowledges, that no other Person shall have any claim against any Indemnitee, the Borrower or any of the Borrower's Affiliates on any theory of liability, for (i) any special, indirect, consequential or punitive losses or damages (as opposed to direct or actual losses or damages) or (ii) any loss of profit, business, or anticipated savings (such losses and damages set out in the foregoing clauses (i) and (ii) , collectively, the " Consequential Losses "), in each case arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument

contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof; provided that nothing contained in this Section 3.07(e) shall limit the Borrower's indemnity and reimbursement obligations under Section 3.08 or the obligations of each Lender under Section 3.07(d) in respect of any third party claims made against any Indemnitee with respect to Consequential Losses of such third party, Section 3.09 and Section 3.11 . No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through internet, telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for any such damages resulting from any material breach by such Indemnitee of this Agreement or the other Loan Documents or that otherwise results from the gross negligence or willful misconduct of such Indemnitee as determined by a final judgment of a court of competent jurisdiction which has become non-appealable.

(f) Payments . All amounts due under this Section 3.07 or Section 3.08 shall be payable on the immediately succeeding Payment Date after demand therefor.

(g) The Borrower's obligations to Vivint Solar Financing NYGB Entity in its capacity as a Lender pursuant to Sections 3.07(a) , 3.08(a) , 3.09(c) , 3.11(d) , 3.11(e) and 3.11(f) shall also include amounts owed to NY Green Bank from Vivint Solar Financing NYGB Entity under the corresponding provisions of the NY Green Bank Loan Agreement, and NY Green Bank may proceed directly against the Borrower to enforce the Borrower's obligations under this Section 3.07(g) (it being agreed that NY Green Bank shall be an express third party beneficiary of this Section 3.07(g)).

Section 3.08 Indemnification .

(a) Without limiting any other rights which any such Person may have hereunder or under applicable Law, the Borrower hereby agrees to indemnify the Agents, the Lenders, each other Secured Party and each Related Party of any of the foregoing Persons (each of the foregoing Persons being individually called an " Indemnitee "), from and against any and all damages, losses, claims, liabilities and related costs and expenses (other than any Taxes expressly addressed elsewhere in this Agreement), including, but not limited to, reasonable and documented attorneys' fees and disbursements (all of the foregoing being collectively called " Indemnified Amounts ") arising out of or relating to:

(i) any transaction financed or to be financed in whole or in part, directly or indirectly with the proceeds of the Loans, including in connection with the repayment of the Indebtedness under the Aggregation Facility or the Subordinated Holdco Facility or the Closing Date Assignments;

(ii) the execution or delivery of this Agreement, any other Loan Document or any Transaction Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby;

(iii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit);

(iv) the grant to the Administrative Agent or the Collateral Agent for the benefit of, or to any of, the Secured Parties of any Lien on the Collateral or in any other Property of the Borrower or any other Person or any membership, partnership or equity interest in the Borrower or any other Person and the exercise by the Agents (or the other Secured Parties) of their rights and remedies (including foreclosure) under any Collateral Document;

(v) the breach of any representation or warranty made by or on behalf of any Relevant Party, the Sponsor or the Manager (to the extent that the Manager is an Affiliate of the Borrower) set forth in this Agreement or the other Loan Documents, or in any other report or certificate delivered by any Relevant Party or the Manager or any of their Affiliates pursuant hereto or thereto, which shall have been false or incorrect in any material respect when made or deemed made;

(vi) the failure by any Relevant Party or the Manager (to the extent that the Manager is an Affiliate of the Borrower) to comply in any material manner with any of the Loan Documents or any applicable Law, or the non-conformity of any Project with any such applicable Law;

(vii) the failure of the Provider and the Manager (to the extent that the Provider or Manager, as applicable, is an Affiliate of the Borrower), as applicable, to operate the Projects in accordance with the applicable standard set forth in the Services Agreement or the Management Agreement, as applicable, or to perform its duties in a good and workmanlike manner consistent with Prudent Industry Practice;

(viii) any dispute, claim, offset or defense (other than discharge in bankruptcy) of a Relevant Party, the Sponsor or a counterparty to a Portfolio Document to any payment under any Portfolio Document based on such Portfolio Document not being a legal, valid and binding obligation of such Relevant Party or counterparty, as applicable, enforceable against it in accordance with its terms;

(ix) any investigation, proceeding, claim or action commenced or brought by or before any Governmental Authority or related to any Transaction Document;

(x) the failure of any Relevant Party or any of their Affiliates to comply with all consumer leasing and protection Laws applicable to any of the Projects or Portfolio Documents;

(xi) any and all broker's or finder's fees claimed to be due in connection with the issuance of the Loans on behalf of any Relevant Party or its Affiliates;

(xii) any loss, disallowance or recapture of any Grant or ITC awarded or claimed, as applicable, with respect to any Project , inclusive of any penalties, interest or other premiums due in respect thereof;

(xiii) any amounts required to be repaid or returned by a Relevant Party in respect of any Excluded Property and Fund SREC Property, inclusive of any penalties, interest or other premiums due in respect thereof;

(xiv) any of the items listed in Schedule 4.10 ;

(xv) any Release of Hazardous Materials by a Loan Party or with respect to a Project;

(xvi) any claims by a Tax Equity Member against a Relevant Party or any other Person (including under an indemnity);

(xvii) the Aggregation Facility or the Subordinated Holdco Facility and, in each case, the Indebtedness thereunder; or

(xviii) any claim that the Closing Date Assignments do not constitute an absolute transfer of the Guarantor Membership Interests under the ownership of the Borrower;

but excluding Indemnified Amounts to the extent finally determined by a judgment of a court of competent jurisdiction that has become non-appealable to have resulted from gross negligence or willful misconduct on the part of such Indemnitee; provided , that notwithstanding the foregoing, the Borrower shall not be required to indemnify any Indemnitee for legal fees or expenses of more than one counsel, plus any additional local counsel that may be required or any other additional counsel that may be required due to an actual or potential conflict of interest, the availability of other defenses or the risk of criminal liability (including criminal fines or penalties) being incurred, to such Indemnitee. The Borrower's obligations under this Section 3.08 shall survive the resignation or replacement or removal of any Agent or any assignment of rights by or replacement of a Lender, the termination of the Commitments and the satisfaction or discharge of all other Obligations.

(b) The Borrower shall not, without the prior written consent of any Indemnitee, effect any settlement of any pending or threatened proceeding in respect of which such Indemnitee is or could have been a party and indemnity could have been sought hereunder by such Indemnitee, unless such settlement (i) seeks only monetary damages and does not seek any injunctive or other relief against an Indemnitee, (ii) includes an unconditional release of such Indemnitee from all liability or claims that are the subject matter of such proceeding and (iii) does not include a statement as to or an admission of fault, culpability, or a failure to act by or on behalf of such Indemnitee.

Section 3.09 Taxes .

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes .

(i) Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law (which, for purposes of this Section 3.09 , shall include FATCA). If any applicable Law (as determined in the good faith discretion of the Administrative Agent or the Borrower, as applicable, taking into account the information and documentation delivered pursuant to Section 3.09(e) below) requires the deduction or withholding of any Tax from any such payment by the Administrative Agent or the Borrower, then the Administrative Agent or the Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with such applicable Law.

(ii) If the Administrative Agent or the Borrower are required to deduct or withhold any Tax described in Section 3.09(a)(i) and must timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with an applicable Law, and if the Tax is an Indemnified Tax, then, the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.09) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrower . Without limiting the provisions of subsection (a) above, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications . (i) The Borrower shall and does hereby indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.09(c)) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (which, for purposes of this Section 3.09(c) , shall include the Issuing Bank) (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. The Borrower shall and does hereby indemnify the Administrative Agent, and shall make payment in respect thereof within ten (10) days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.09(c)(ii) below.

(ii) Each Lender shall and does hereby severally indemnify, and shall make payment in respect thereof within ten (10) days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (B) the Administrative Agent and the Borrower, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.05(d) relating to the maintenance of a Participant Register and (C) the Administrative Agent and the Borrower, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or the Borrower in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, as the case may be, under this Agreement or any other Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. Upon request by the Borrower or the Administrative Agent, as the case may be, after any payment of Taxes by the Borrower or by the Administrative Agent to a Governmental Authority as provided in this Section 3.09, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than the

documentation set forth in Section 3.09(e)(ii)(A) , (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, each Lender agrees that on the Closing Date or any other date after the Closing Date such Lender becomes a party to this Agreement, and from time to time thereafter upon reasonable request, it will deliver to each of the Borrower and the Administrative Agent the applicable documentation described below:

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

(B) any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to (x) the Closing Date or (y) such other date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), in the case of clause (y) to the extent it is legally entitled to do so, whichever of the following is applicable:

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

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

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) an executed certificate substantially in the form of Exhibit D-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a " U.S. Tax Compliance Certificate ") and (y) an executed copy of IRS Form W-8BEN or IRS Form W-8BEN-E (whichever is applicable); or

(IV) to the extent a Foreign Lender is not the beneficial owner, (x) an executed copy of IRS Form W-8IMY, accompanied by one or more of the following executed forms from each of the Foreign Lender's direct or indirect partners/members, or Participants, or any Participant's direct or indirect partners/ members, as appropriate: IRS Form W-8ECI, IRS Form W-8BEN, or IRS Form W-8BEN-E (whichever is applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-2 or Exhibit D-3 , IRS Form W-8IMY, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable, and (y) a withholding statement to the extent one is required by the Code; provided that if the Foreign Lender is a partnership for U.S. federal income tax purposes and one or more direct or indirect partners/members of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender shall provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit D-4 on behalf of each such direct and indirect partner/member;

(C) any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to (x) the Closing Date or (y) such other date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), in the case of clause (y) to the extent it is legally entitled to do so, 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 to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.09 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Law, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.09, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 3.09 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of the Recipient, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 3.09(f), in no event will the applicable Recipient be required to pay any amount to the Borrower pursuant to this Section 3.09(f) the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 3.09(f) shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(g) OID . The Borrower and the Lenders agree (i) that the Loans are to be treated as indebtedness of the Borrower for U.S. federal income tax purposes, (ii) to the extent that the Borrower or a Governmental Authority determines that the Loans were made with original issue discount (" OID ") for U.S. federal income tax purposes, to report such OID as interest expense and interest income, respectively, in accordance with Sections 163(e)(1) and 1272(a)(1) of the Code, (iii) not to file any tax return, report or declaration inconsistent with the foregoing, and (iv) any OID shall constitute principal for all purposes under this Agreement. The inclusion of this Section 3.09(g) is not an admission by any Lender that it is subject to United States taxation.

(h) Survival . Each party's obligations under this Section 3.09 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

Section 3.10 Mitigation Obligations; Replacement of Lenders .

(a) Designation of a Different Lending Office . If any Lender requests compensation under Section 3.11(d) , or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender, or any Governmental Authority for the account of any Lender, pursuant to Section 3.09 , then at the request of the Borrower such Lender shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.09 or Section 3.11(d) (as the case may be), in the future, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders . If any Lender requests compensation under Section 3.11(d) , or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender, or any Governmental Authority for the account of any Lender, pursuant to Section 3.09 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.10(a) , or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.05), all of its interests, rights (other than its existing rights to payments pursuant to Section 3.11 or Section 3.09) and obligations under this Agreement and the related Loan Documents (other than any Secured Interest Rate Hedging Agreement) to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.05 ;

(ii) such Lender shall have received payment of an amount equal to the outstanding Obligations owed (including all principal of its Loans, accrued interest thereon, accrued fees and all other amounts) to it hereunder and under the other Loan Documents (including any amounts under Section 3.11(f)) from the assignee (to the extent of such Obligations) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.11(d) or payments required to be made pursuant to Section 3.09 , such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

In the event the replaced Lender (or an Affiliate of such Lender) is party to any Secured Interest Rate Hedging Agreement, then the replaced Lender (or Affiliate of such Lender) (the " Replaced Hedge Provider ") under such Secured Interest Rate Hedging Agreement may elect to (A) terminate such Secured Interest Rate Hedging Agreement in accordance with its terms or (B) require the Borrower to cause the novation of such Secured Interest Rate Hedging Agreement so that the entire notional amount set forth in the original Secured Interest Rate Hedging Agreement is subject to the novated Secured Interest Rate Hedging Agreements with the Eligible Assignee referred to above (or an Affiliate of such Eligible Assignee) (the " Replacement Hedge Provider "); provided , however , that in the event of any novation the Replacement Hedge Provider and transaction documentation must be acceptable to the Replaced Hedge Provider in its sole discretion and the Borrower shall be responsible for all additional costs resulting from any assignment or novation of any Secured Interest Rate Hedging Agreement under this clause (b) , including any fees or additional credit or other margins (such costs, fees and margins to be reasonably acceptable to the Administrative Agent) and, to the extent of any mark-to-market payment, the Replaced Hedge Provider shall determine any amounts payable to or by it in respect of the assignment as if an "Additional Termination Event" occurred under the Secured Interest Rate Hedging Agreement with the Borrower as the sole "Affected Party" (each as defined therein).

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 3.11 Change of Circumstances .

(a) Market Disruption .

(i) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's participation in that Loan for that Interest Period shall be the percentage rate per annum which is the sum of:

(A) the Applicable Margin; and

(B) the percentage rate per annum notified to the Administrative Agent by that Lender, as soon as practicable and in any event not later than five (5) Business Days before interest is due to be paid in respect of that Interest Period (or such later date as may be acceptable to the Administrative Agent), as the cost to that Lender of funding its participation in that Loan from whatever source(s) it may reasonably select.

(ii) In relation to a Market Disruption Event under paragraph (iii)(B) below, if the percentage rate per annum notified by a Lender pursuant to paragraph (i)(B) above shall be less than LIBOR for the applicable Interest Period or if a Lender shall fail to notify the Administrative Agent of any such percentage rate per annum, the cost to that Lender of funding its participation in the relevant Loan for the relevant Interest Period shall be deemed, for the purposes of paragraph (i) above, to be LIBOR for such Interest Period.

(iii) In this Agreement " Market Disruption Event " means (A) at or about noon (London time) on the Quotation Day for the relevant Interest Period, LIBOR is to be determined by reference to the Reference Banks and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for dollars for the relevant Interest Period, or (B) at 5 p.m. on the Business Day immediately following the Quotation Day for the relevant Interest Period, the Administrative Agent receives notifications from a Lender or Lenders (whose participations in the Term Loans or LC Loans exceed thirty-five percent (35%) of that applicable Loan) that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR for the relevant Interest Period.

(iv) If a Market Disruption Event shall occur, the Administrative Agent shall promptly notify the Lenders and the Borrower thereof.

(b) Alternative Basis of Interest or Funding . If a Market Disruption Event occurs and the Administrative Agent or the Borrower so requires, the Administrative Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest. Any alternative

basis agreed pursuant to the immediately preceding sentence shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties. In the event that no substitute basis is agreed at the end of the thirty day period, the rate of interest shall continue to be determined in accordance with the terms of this Agreement (including Section 3.11(a)).

(c) Illegality . If, at any time, any Lender shall have determined (which determination shall be final and conclusive and binding upon all parties hereto) that the making, maintaining or continuation of its Loans has become unlawful as a result of compliance by such Lender in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), (i) that Lender shall promptly notify the Administrative Agent upon becoming aware of that event, (ii) upon the Administrative Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled, (iii) the Borrower shall repay that Lender's participation in the Loan on the last day of the Interest Period occurring after the Administrative Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by law) and (iv) if NY Green Bank exercises its rights under the NY Green Bank Loan Agreement corresponding to the rights of Vivint Solar Financing NYGB Entity pursuant to this Section 3.11(c) , the provisions of Section 3.11(c)(ii) and (iii) shall be deemed to apply to the Term Loan held by Vivint Solar Financing NYGB Entity to the same extent as if NY Green Bank had exercised such rights pursuant to such Sections hereunder. NY Green Bank shall be an express third party beneficiary of this Section 3.11(c)(iv) .

(d) Increased Costs . If any Change of Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender or any Issuing Bank;

(ii) subject any Recipient to any Taxes (other than Indemnified Taxes and Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the

amount of any sum received or receivable by such Lender, Issuing Bank or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Issuing Bank or other Recipient, the Borrower will pay to such Lender, Issuing Bank or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Issuing Bank or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(e) Capital Requirements. If any Lender or Issuing Bank determines that any Change of Law affecting such Lender or Issuing Bank or any lending office of such Lender or such Lender's or Issuing Bank's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by any Issuing Bank, to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such Change of Law (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company for any such reduction suffered.

(f) Compensation for Breakage or Non-Commencement of Interest Periods. Borrower shall compensate each Lender Party, upon written request by such Lender Party (which request shall set forth the basis for requesting such amounts), for all losses, expenses and liabilities (including any interest paid or payable by such Lender to lenders of funds borrowed by it to make or carry its Loans and any loss, expense or liability sustained by such Lender in connection with the liquidation or re-employment of such funds but excluding loss of anticipated profits) which such Lender may sustain: (i) if for any reason (whether as a result of the failure to satisfy any applicable conditions or otherwise other than a default by such Lender) a borrowing of any Loan does not occur on a date specified therefor in a Borrowing Notice; (ii) if any prepayment or other principal payment of any of its Loans occurs on a date prior to the last day of an Interest Period applicable to that Loan; or (iii) if any prepayment of any of its Loans is not made on any date specified in a notice of prepayment given by Borrower.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and each Lender Party that the statements set forth in this ARTICLE IV are true, correct and complete in all respects as of (a) the Closing Date, (b) the date of each Disbursement from the Proceeds Escrow Account under Section 4.02(g) of the Depository Agreement or (c) the date of each issuance, extension or increase of the Stated Amount of the Letter of Credit during the LC Availability Period pursuant to Section 2.02.

Section 4.01 Organization, Powers, Capitalization, Good Standing, Business .

(a) Organization and Powers . The Borrower is duly organized, validly existing and in good standing under the Laws of its state of formation. The Borrower has all requisite power and authority to own and operate its Properties, to carry on its businesses as now conducted and proposed to be conducted. The Borrower has all requisite power and authority to enter into each Transaction Document to which it is a party and to perform the terms thereof.

(b) Qualification . The Borrower is duly qualified and in good standing in each state or territory where necessary to carry on its present businesses and operations, except in jurisdictions in which the failure to be qualified and in good standing could not reasonably be expected to have a Material Adverse Effect.

Section 4.02 Authorization of Borrowing, etc .

(a) Authority . The Borrower has the power and authority to incur, and the Loan Parties have the power and authority to guarantee, the Indebtedness represented by the Loans, the Secured Hedging Obligations and the Loan Documents. The execution, delivery and performance by each Loan Party, SREC Seller Party and the Sponsor of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary limited liability company or other action, as the case may be, on behalf of such Loan Party, SREC Seller Party or the Sponsor.

(b) No Conflict . The execution, delivery and performance by each Relevant Party of the Transaction Documents to which it is a party and the consummation of the transactions contemplated thereby do not and will not: (i) conflict with or result in a violation or breach of the terms of (A) its certificate of formation, limited liability company agreement, operating agreement or other organizational documents, as the case may be; (B) any provision of material Law applicable to it or (C) any order, judgment or decree of any Governmental Authority binding on it or any of its material Properties; (ii) result in a material breach of or constitute (with due notice or lapse of time or both) a material default under the Transaction Documents or any other material contractual obligation binding upon a Relevant Party or its material Properties; or (iii) result in or require the creation or imposition of any Lien upon its Assets (other than the Liens created under the Collateral Documents).

(c) Consents . The execution and delivery by each Relevant Party of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated thereby, do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority or any other Person (including any Tax Equity Member and their Affiliates or any lender to the Sponsor or its Affiliates) which has not been obtained or made, and each such consent or approval is in full force and effect, in each case, other than consents, approvals, registrations, notices or other action which, if not obtained or made, could not reasonably be expected to have a Material Adverse Effect.

(d) Binding Obligations . Each of the Transaction Documents to which a Loan Party or SREC Seller Party is a party has been duly executed and delivered by such Loan Party or SREC Seller Party thereto and is the legally valid and binding obligation of such Loan Party or SREC Seller Party, enforceable against it, in accordance with its respective terms, subject to bankruptcy, insolvency, moratorium, reorganization and other similar Laws affecting creditor's rights.

Section 4.03 Title to Membership Interests

(a) Upon the consummation of the Closing Date Assignments on the Closing Date, the Borrower is the sole member of each of the Guarantors, and has good and valid legal and beneficial title to all of the Guarantor Membership Interests, free and clear of all Liens other than Permitted Liens. All of such issued and outstanding Guarantor Membership Interests have been duly authorized and validly issued and, upon the consummation of the Closing Date Assignments on the Closing Date, are owned of record and beneficially by the Borrower and were not issued in violation of any preemptive right. There are no voting agreements or other similar agreements with respect to the Guarantor Membership Interests.

(b) Each Guarantor has good and valid legal and beneficial title to all of the Fund Manager Membership Interests in the applicable Tax Equity Fund held by it as identified on Schedule 4.03(g) , free and clear of all Liens other than Permitted Liens. All of the issued and outstanding Fund Manager Membership Interests have been duly authorized and validly issued and are owned of record and beneficially by the Guarantor identified on Schedule 4.03(g) and were not issued in violation of any preemptive right. There are no voting agreements or other similar agreements with respect to the Fund Manager Membership Interests.

(c) Other than the independent member of the Borrower, the Pledgor is the sole member of the Borrower and has good and valid legal and beneficial title to all of the Borrower Membership Interests, free and clear of all Liens other than Permitted Liens. All of the issued and outstanding Borrower Membership Interests have been duly authorized and validly issued and are owned of record and beneficially by Pledgor and were not issued in violation of any preemptive right. There are no voting agreements or other similar agreements with respect to the Borrower Membership Interests.

(d) Other than pursuant to the Closing Date Assignment Agreements, there are no outstanding options, warrants or rights for conversion into or acquisition, purchase or transfer of any of the Membership Interests. Except for (i) the call rights of the Guarantors under the Tax Equity Documents, with respect to the membership interests of the Tax Equity Members in the Funds, (ii) the withdrawal right of the applicable Tax Equity Member from each Inverted Lease Tenant under the Limited Liability Company Agreement of such Inverted Lease Tenant and (iii) contingent buy-out rights of any Guarantor or Tax Equity Member to acquire membership interests in any Fund (in accordance with the express terms of such Fund's Limited Liability Company Agreement), there are no outstanding options, warrants or rights for conversion into or acquisition, purchase or transfer of any of the membership interests in a Tax Equity Fund. There are no agreements or arrangements for the issuance by any Loan Party of additional equity interests.

(e) Prior to the consummation of the Closing Date Assignments on the Closing Date, Schedule 4.03(e) accurately sets forth the ownership structure of the Relevant Parties underneath the Sponsor.

(f) After the consummation of the Closing Date Assignments on the Closing Date, Schedule 4.03(f) accurately sets forth the ownership structure of the Relevant Parties underneath the Sponsor. The Borrower has no subsidiaries other than as shown on Schedule 4.03(f) , as such schedule shall be updated by an Authorized Officer of the Borrower pursuant to each Permitted Fund Disposition Certificate

(g) Schedule 4.03(g) , as such schedule shall be updated by an Authorized Officer of the Borrower pursuant to each Permitted Fund Disposition Certificate, sets forth the name and jurisdiction of incorporation or formation of each Loan Party and the Tax Equity Funds and the percentage of each class of Capital Stock owned by any Loan Party.

Section 4.04 Governmental Authorization; Compliance with Laws .

(a) No Permit, approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (i) the execution, delivery or performance by, or enforcement against, any Loan Party or SREC Seller Party of this Agreement or any other Transaction Document, (ii) the grant by any Loan Party or SREC Seller Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created under the Collateral Documents or (iv) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to this Agreement or the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.04, or which are otherwise particular to the identity or character of the Administrative Agent, all of which have been duly obtained, taken, given or made and are in full force and effect as of the Closing Date. All material Permits necessary or required in connection with the development, construction and operation of the Projects have been duly obtained, taken, given or made and, if necessary or required to be in effect as of the Closing Date, are in full force and effect as of the Closing Date.

(b) Each of the Loan Parties is, and the business and operations of each such Person and its development, construction and operation of the Projects are, and always have been, conducted in all respects in compliance with all material Laws (including, without limitation, laws with respect to consumer leasing and protection but not including Environmental Laws which are addressed under Section 4.16 , or Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, which are addressed under Section 4.20), and none of any Loan Party has received written notice from any Governmental Authority of an actual or potential violation of any such Laws, except as does not constitute or could not reasonably be expected to constitute a Material Adverse Effect.

(c) Each Project in the Project Pool that makes any sale of electricity at wholesale is a qualifying small power production facility in accordance with 18 C.F.R. Part 292 and is exempt from the Public Utility Holding Company Act of 2005 and from certain state

laws and regulations as set forth in 18 C.F.R. Section 292.602(c), and is exempt from all sections of the Federal Power Act and its implementing regulations except for those set forth in 18 C.F.R. Sections 292.601(2) through (5).

(d) No Relevant Party is subject to regulation by any state public utility regulatory authority in any Project State with respect to its rates or finances.

Section 4.05 Solvency . The Borrower has not entered into any Loan Document with the actual intent to hinder, delay, or defraud any creditor. After giving effect to the issuance of the Loans (and the use of proceeds thereof), the fair saleable value of the Loan Parties' Assets, taken as a whole, exceeds and will, immediately following the making of any Loans, exceed the Loan Parties' total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent obligations. The fair saleable value of the Loan Parties' Assets, taken as a whole, is and will, immediately following the making of any Loans (and the use of proceeds thereof), be greater than the Loan Parties' probable liabilities, including the maximum amount of its contingent obligations on its debts as such debts become absolute and matured. The Loan Parties' Assets, taken as a whole, do not and, immediately following the making of any Loans (and the use of proceeds thereof) will not, constitute unreasonably small capital to carry out the business of the Loan Parties as conducted or as proposed to be conducted. The Borrower does not intend for it or any Subsidiary to, and does not believe that any such Person will, incur Indebtedness and liabilities beyond its ability to pay such Indebtedness and liabilities as they mature (taking into account the timing and amounts of cash to be received by the Borrower and the amounts to be payable on or in respect of obligations of the Borrower).

Section 4.06 Use of Proceeds and Margin Security; Governmental Regulation .

(a) No portion of the proceeds from the making of the Loans will be used by the Borrower, a Loan Party any SREC Seller Party, the Sponsor or any other Person in any manner that might cause the borrowing or the application of such proceeds to violate Regulation T, Regulation U or Regulation X or any other regulation of the Board of Governors of the Federal Reserve System. Nor is Borrower engaged principally, or as one of its principal activities in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined or used in Regulation T, U or X of the Board of Governors of the Federal Reserve System).

(b) None of the Borrower or any Subsidiary is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act.

(c) None of the Borrower or any Subsidiary is subject to regulation under any federal or state statute or regulation that limits their ability to incur indebtedness for borrowed money.

Section 4.07 Defaults; No Material Adverse Effect .

(a) No Default or Event of Default has occurred and is continuing.

(b) Since the later of (i) the Closing Date and (ii) the date of the most recent Disbursement from the Proceeds Escrow Account pursuant to Section 4.02(g) of the Depository Agreement, no event, condition or circumstance has occurred which has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

Section 4.08 Financial Statements; Books and Records .

(a) Except as set forth on Schedule 4.08 , all Financial Statements which have been furnished by or on behalf of any Relevant Party, the Sponsor or any of their Affiliates to the Administrative Agent in connection with the Loan Documents have been prepared in accordance with GAAP, consistently applied and present fairly in all material respects the financial condition of the Persons covered thereby as of the respective dates thereof, subject, in the case of any such unaudited Financial Statements, to changes resulting from audit and normal year-end adjustments, including the absence of footnotes and subject to validation of individual capital accounts in calculating net loss attributable to noncontrolling interests in conformity with GAAP.

(b) All books, accounts and files of each Loan Party are accurate and complete in all material respects, and Borrower has access to all such books and records and the authority to grant access to such books and records to the Secured Parties.

Section 4.09 Indebtedness . The Borrower and the Subsidiaries have no outstanding Indebtedness other than (i) the Obligations and other Permitted Indebtedness and (ii) solely prior to the consummation of the Closing Date Assignments on the Closing Date, the Indebtedness under the Aggregation Facility or the Subordinated Holdco Facility. The Obligations under the Loan Documents constitute Indebtedness of the Borrower and the Subsidiaries secured by a first ranking priority security interest in the Collateral. As of the Closing Date, no other Indebtedness of the Borrower or the Subsidiaries ranks senior in priority to the Obligations.

Section 4.10 Litigation; Adverse Facts . There are no judgments outstanding against Sponsor or any Relevant Party, or affecting any of the Projects or any other Assets or Property of any Relevant Party, nor to the Relevant Parties' Knowledge is there any action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration now pending or threatened against the Sponsor or any Relevant Party, respectively, or any of the Projects that relates to the legality, validity or enforceability of any of the Transaction Documents, the ability of a Secured Party to exercise any of its rights in respect of the Collateral or the Collateral Documents or, other than as set forth on Schedule 4.10 , that could reasonably be expected to result in a Material Adverse Effect.

Section 4.11 Taxes and Tax Status . All U.S. federal, state, local tax returns, information statements and reports, and all other material tax returns, information statements or reports, of the Relevant Parties required to be filed have been timely filed (or any such Person has timely filed for a valid extension and such extension has not expired), and all material Taxes, assessments, fees and other governmental charges (including any payments in lieu of Taxes) upon such Persons and upon their Properties, Assets, income, profits, businesses and franchises

which are due and payable have been timely paid except to the extent the same are being contested in accordance with Section 5.06 . All such returns, information statements and reports are true and accurate in all material respects. There are no Liens for Taxes (other than Liens for Taxes not yet due and payable) on any Assets of any Relevant Party, no unresolved written claim or proposed adjustment has been asserted with respect to any Taxes of any Relevant Party, no waiver or agreement by any Relevant Party is in force for the extension of time for the assessment or payment of any Tax or regarding the application the statute of limitations for any Taxes or tax returns, and no request for any such extension or waiver is currently pending. There is no pending or, to the Knowledge of the Borrower, threatened audit or investigation by any Governmental Authority of any Relevant Party with respect to Taxes. No Relevant Party is a party to or bound by any Tax sharing arrangement with any Person or any other agreement pursuant to which it is liable for the Taxes of another Person (including any Affiliate of a Relevant Party), other than the Tax Equity Documents. No Relevant Party has any liability for Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law) or as a transferee or successor, by contract or otherwise. No power of attorney currently in force has been granted with respect to Taxes of any Relevant Party. No written claim has been made by any Governmental Authority and received by any Relevant Party in a jurisdiction where such Relevant Party does not file a tax return that it is or may be subject to taxation in that jurisdiction. No Relevant Party has engaged in any "listed transaction" as defined in Treasury Regulation Section 1.6011-4 or made any disclosure under Treasury Regulation Section 1.6011-4. With respect to each Project that is leased for U.S. federal income tax purposes to a Customer, to the Knowledge of the Borrower, the Customer is not a tax exempt entity within the meaning of Section 168(h)(2) of the Code, except as could not reasonably be expected to have a Material Adverse Effect, when combined with other similar Projects. All Projects are currently exempt from real property taxes. All personal property, sales and use taxes imposed upon any Project or the Energy produced by any Project are fully reimbursable by the applicable Customer or have been timely paid by the Manager. No private letter ruling from the Internal Revenue Service has been obtained or requested by any Relevant Party for any of the transactions contemplated hereunder or under any of the Tax Equity Documents. Each Relevant Party is treated for U.S. federal income tax purposes either as disregarded as an entity separate from its owner (as described in U.S. Treasury Regulations Section 301.7701-2(c)(2)(i)) or as a partnership (and not a publicly traded partnership as defined in Section 7704(b) of the Code), and each such owner for this purpose is a U.S. Person and not a Tax Exempt Person (and if the owner for this purpose is treated as a partnership, then each direct or indirect owner of the owner is a U.S. Person, and no direct or indirect owner of the owner is a Tax Exempt Person, unless it owns its interest through an entity taxable as a corporation for U.S. federal income tax purposes that is not a "tax-exempt controlled entity" within the meaning of Section 168(h)(6)(F) of the Code). No Relevant Party has elected to be treated as an association taxable as a corporation for federal income tax purposes.

Section 4.12 Performance of Agreements . None of the Loan Parties or SREC Seller Parties is in default in the performance, observance or fulfillment of the Loan Documents or the Management Agreement. None of the Loan Parties or SREC Seller Parties are in material default in the performance, observance or fulfillment of the other Transaction Documents to which they are a party or any of the other obligations, covenants or conditions contained in any material contracts of any such Persons and, to the Knowledge of the Loan Parties or SREC Seller

Parties, no condition exists under such Transaction Documents that, with the giving of notice or the lapse of time or both, would constitute such a material default, other than with respect to the Customer Agreements where such condition (itself or when coupled with other defaults or conditions under such agreements) could not reasonably be expected to have a Material Adverse Effect.

Section 4.13 Employee Benefit Plans. None of the Loan Parties or SREC Seller Parties, or any of their respective ERISA Affiliates, maintains or contributes to, or has any obligation under, any Employee Benefit Plans or Multiemployer Plans. Without limiting the foregoing, the Borrower and its Subsidiaries do not have any employees or former employees and do not sponsor, maintain, participate in, contribute to or have any obligations under or liability in respect of any Plan.

Section 4.14 Insurance. Set forth on Schedule 4.14 is a description of all policies of insurance for the Relevant Parties, including those policies of the Sponsor for the benefit of the Relevant Parties which are required to be maintained pursuant to a Transaction Document, that are in effect as of the Closing Date. Such Insurance Policies conform to the requirements of Section 5.13 and have been paid in full or are not in arrears. No notice of cancellation has been received with respect to such policies and the Relevant Parties are in compliance in all material respects with all conditions contained in such policies.

Section 4.15 Investments. Except as permitted under Section 6.07, the Loan Parties have no direct or indirect equity interest in any Person which is not also a Loan Party, including any stock, partnership interest or other equity securities of any other Person.

Section 4.16 Environmental Matters. Each Project is, and has been developed, constructed and operated, in material compliance with all applicable Environmental Laws and Permits; no notice of violation of such Environmental Laws or Permits has been issued by any Governmental Authority with respect to any Project which has not been resolved or which is not reasonably expected to have a Material Adverse Effect; there is no pending or, to the Borrower's Knowledge, threatened action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration in respect of any Environmental Laws or Permits against any Relevant Party or with respect to any Project which could reasonably be expected to have a Material Adverse Effect; there has been no Release of any Hazardous Material by a Relevant Party on, from or related to any Project that has resulted in or could reasonably be expected to result in a Material Adverse Effect; and no action has been taken by any Relevant Party that would cause any Project not to be in material compliance with all applicable Environmental Laws or Permits pertaining to Hazardous Materials. If any Project is located in the State of New York, the gross area of such Project is less than 4,000 square feet.

Section 4.17 Project Permits. All necessary Permits for operating any Project (including permission to operate from the applicable local utility) have been obtained as of the date that such Project was Placed in Service.

Section 4.18 Representations Under Other Loan Documents . Each of the Relevant Parties' representations and warranties set forth in the other Loan Documents, the Limited Liability Company Agreements and the Master Lease Agreements are true, correct and complete in all material respects when made.

Section 4.19 Broker's Fee . Except as disclosed on Schedule 4.19 , no broker's fee or finder's fee, commission or similar compensation will be payable by or pursuant to any contract or other obligation of any Loan Party or SREC Seller Party with respect to the making of the Loans or any of the other transactions contemplated by the Transaction Documents.

Section 4.20 Sanctions; Anti-Money Laundering and Anti-Corruption .

(a) None of the Loan Parties nor any of their respective Affiliates nor any director or officer or, to the Knowledge of the Borrower, agent, employee, affiliate or other person acting on behalf of a Loan Party or any of their Affiliates (i) is a Blocked Person (ii) has been engaged in any transaction, activity or conduct that constitutes or could reasonably be expected to give rise to a violation of any Sanctions; and/or (iii) has received notice of, or is otherwise aware of, any claim, action, suit, proceedings or investigation involving it with respect to Sanctions.

(b) The operations of each of the Loan Parties and its Affiliates have been conducted at all times in compliance with applicable anti-money laundering statutes of all applicable jurisdictions, including, without limitation, all money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States Law or regulation governing such activities (collectively, " Anti-Money Laundering Laws ") and no action, suit or proceeding by or before any court or other Governmental Authority involving a Loan Party or any of its Affiliates with respect to the Anti-Money Laundering Laws is pending, or to the Knowledge of the Borrower, threatened.

(c) None of the Loan Parties nor any of their respective Affiliates nor any director or officer or, to the Knowledge of the Borrower, agent, employee, affiliate or other person acting on behalf of a Loan Party or any of its Affiliates (i) is aware of or has taken any action, directly or indirectly, that constitutes or would result in a violation by such person of any applicable Law or regulation related to corruption or bribery of the United States or any non-U.S. country or jurisdiction, including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the U.K. Bribery Act 2010, as amended, and the rules and regulations thereunder (collectively, " Anti-Corruption Laws "), including, without limitation, using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful payment to any foreign or domestic government official or employee from corporate funds, and making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment, (ii) is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, or (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws.

(d) None of the transactions contemplated by the Transaction Documents will violate any Anti-Money Laundering Laws, Anti-Corruption Laws or applicable Sanctions and the Borrower will not, directly or indirectly, use, contribute or otherwise make available all or any part of the proceeds of the Loans to or for the benefit of any Person for the purpose of financing activities or business of, other transactions with, or investments involving any Blocked Person or Sanctioned Country or in any other manner that constitutes or would give rise to a violation by any Person, including any Lender, of any Anti-Money Laundering Laws, Anti-Corruption Laws or Sanctions.

Section 4.21 Property Rights . Each Fund owns each photovoltaic system included in a Project acquired by it and owns, or has a contractual right to use or shall have on the date it acquires a Project, ownership of or, in the case of access rights to Customer Property, a contractual right to use, all equipment and facilities necessary for the operation of each Project. All equipment and facilities included in the Projects are (or are reasonably expected to be when acquired or contracted for) in good repair and operating condition subject to ordinary wear and tear and casualty and are suitable for the purposes for which they are employed, and, to the Knowledge of Borrower, there was and is no material defect, hazard or dangerous condition existing with respect to any such equipment or facilities except in respect of any material defect, hazard or dangerous condition for which the Provider is taking appropriate action in accordance with Prudent Industry Practices and that could not reasonably be expected to have a Material Adverse Effect or a material adverse effect on the ability of the Borrower to perform under the Loan Documents at or above the assumption in the Base Case Model. Each Fund has the requisite rights and licenses under the Customer Agreements to which it is party to access, install, operate, maintain, repair, improve and remove its respective Projects and evidence of such real property rights and licenses has been provided to the Administrative Agent. No Loan Party is the title owner of any real property.

Section 4.22 Portfolio Documents and Eligible Projects .

(a) No Relevant Party is party to any agreement or contract other than (i) the Tax Equity Documents to which it is a party listed on Schedule 4.22(a) , (ii) the other Transaction Documents to which it is a party, (iii) in the case of SREC Guarantor, the Master SREC Purchase and Sale Agreements and (iv) any contract or agreement incidental or necessary to the operation of its business that does not allocate material risk to any Relevant Party and have a term of less than one year or that has a value over its term not exceeding $100,000.

(b) Each Customer Agreement to which a Fund is a party is an Eligible Customer Agreement.

(c) Each Customer Agreement and the origination thereof and the installation of the related Project, in each case, was in compliance in all material respects with applicable Law (including without limitation, all consumer leasing and protection Law) at the time such Customer Agreement was originated and executed and such Project was installed.

(d) Each Customer party to a Customer Agreement owned by any individual Fund possessed a FICO® Score of at least [***].

(e) Except as set forth on Schedule 4.22(f) , all Portfolio Documents when provided to Administrative Agent (in each case, including all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters) are (or will be when provided) true, correct and complete copies of such Portfolio Documents, and as of the Closing Date or any other date when additional Portfolio Documents are provided to the Administrative Agent hereunder, each Portfolio Document (i) has been duly executed and delivered by the Sponsor, each SREC Seller Party and each Relevant Party thereto (as applicable) and, to the Knowledge of Borrower and the Subsidiaries, the other parties thereto, (ii) is in full force and effect and is enforceable against each Sponsor and each Relevant Party (as applicable) and, to the Knowledge of Borrower and the Subsidiaries, each other party thereto as of such date, (iii) neither the Sponsor, any SREC Seller Party nor any Relevant Party or, to the Knowledge of Borrower and each Subsidiary, no other party to such document is or, but for the passage of time or giving of notice or both, would be in breach of any material obligation thereunder, except solely with respect to the Project Documents, where such breach (itself or when coupled with other breaches under such Project Documents) could not reasonably be expected to have a Material Adverse Effect, (iv) has no event of force majeure existing thereunder except solely with respect to the Project Documents, where such event of force majeure (itself or when coupled with other events of force majeure under such Project Documents) could not reasonably be expected to have a Material Adverse Effect and (v) all conditions precedent to the effectiveness of such documents have been satisfied or waived in writing.

(f) Borrower maintains in its or the applicable Relevant Party's books and records a copy of all documentation ancillary to the Customer Agreements, including, with respect to each completed Project: (i) a copy of or access to all of such Project's manufacturer, installer or other warranties; (ii) a copy of the Project's completed inspection certificate issued by the applicable Governmental Authority; (iii) evidence of permission to operate from the applicable local utility; and (iv) evidence that the installer of such Project has been paid in full.

(g) The insurance described in Section 5.13 satisfies all insurance requirements set forth in the Portfolio Documents.

(h) Each Eligible Project is comprised of panels and inverters from an Approved Manufacturer.

(i) The Loan Parties have taken all action in accordance with Prudent Industry Practices to ensure that the manufacturer warranties relating to an Eligible Project are in full force and effect and can be enforced by the applicable Fund and, to the Knowledge of the Borrower and except to the extent the applicable manufacturer is no longer honoring its warranties generally, all manufacturer warranties are in full force and effect.

(j) In respect of each Eligible Project not located in California, a fixture filing has been or will be recorded against each Customer and the applicable Property in respect of such Eligible Project in the filing office designated by Section 9-501 of the applicable Uniform Commercial Code (as adopted in the applicable jurisdiction of installation); provided , however , that (i) certain of such filings may be released from time-to-time in order to assist the

applicable Customer in a pending refinancing of such Customer's mortgage loan or sale of home and (ii) such filings may not have been filed or maintained in a manner that would provide priority under applicable law over an encumbrance or owner of the real property subject to the filing.

(k) In respect of each Eligible Project in California with respect to which a Customer Agreement has been entered into , a filing in respect of such Eligible Project (pursuant to and in compliance with Cal. Pub. Util. Code §§ 2868-2869) was made in the applicable local filing office where the Eligible Project is located; provided , however , that certain of such filings may be released from time-to-time in order to assist the applicable Customer in a pending refinancing of such Customer's mortgage loan or sale of home.

(l) Each Eligible Project is located in a Project State listed on Schedule 4.22(n) and the Eligible Projects are in compliance with all the Portfolio Concentration Limits.

(m) With respect to each Fund, each of the Fund Representations is true, complete and correct.

Section 4.23 Security Interests .

(a) The Collateral Documents create, as security for the Obligations, valid, enforceable, and, upon the filing of documents and instruments in the proper places and the taking of other required actions (including, without limitation, possession), which have been filed or taken on or prior to the Closing Date, perfected first-priority Liens in the Collateral, in favor of the Collateral Agent, for the benefit of the Secured Parties, subject to no Liens other than Permitted Liens. All consents and approvals necessary or desirable to create and perfect such Liens have been obtained.

(b) The descriptions of the Collateral set forth in the Collateral Documents are true, complete, and correct in all material respects and are adequate for the purpose of creating, attaching, and perfecting the Liens in the Collateral granted or purported to be granted in favor of the Collateral Agent for the benefit of the Secured Parties.

(c) All filings, registrations, recordings, notices, and other actions that are necessary or required (including delivery to the Collateral Agent of the certificates evidencing the Membership Interests or giving the Collateral Agent control or possession of the Collateral) to perfect the Collateral Agent's Lien on the Collateral have been made or taken or will be made or taken on the date of this representation.

Section 4.24 Intellectual Property . Each Subsidiary owns or holds a valid and enforceable agreement, license, permit, certificate, franchise or other authorization or right to use the technology and intellectual property rights necessary to own, lease, operate, maintain and repair the Projects, and no actions by any Subsidiary that have been performed or are expected to be performed under the Portfolio Documents infringe upon or misappropriate the intellectual property rights of any other Person.

Section 4.25 Full Disclosure .

(a) All written information contained in any officer's certificate, Loan Document (including all schedules, exhibits, annexes and other attachments), documents, reports or other written information delivered in connection with the transactions hereunder pertaining to the Borrower, Funds, the Portfolio Documents and the Projects (other than any assumptions, projections or forward-looking statements), together with all written updates of such information from time to time (collectively, the " Information "), that have been furnished by or on behalf of the Borrower to any Secured Party or its advisors or consultants are, taken as a whole, true and correct in all material respects and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading in light of the circumstances in which they were made.

(b) The Base Case Model (i) has been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as and when the Base Case Model was prepared, (ii) other than with respect variances to the assumptions as agreed by the Administrative Agent and the Borrower, is generally consistent with each financial model provided to the Tax Equity Members as and when the Base Case Model was prepared and (iii) does not include any Operating Revenues for Term Loan sizing purposes other than Eligible Revenues or, as of the Closing Date, Incomplete Project Revenues and includes a good faith estimate of all Operating Expenses in respect of all Projects owned by the Funds.

ARTICLE V
AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that until the Debt Termination Date, it shall perform and comply with all covenants in this ARTICLE V applicable to such Person.

Section 5.01 Financial Statements and Other Reports .

(a) Financial Statements and Operating Reports .

(i) Annual Reporting . Within one hundred fifty (150) days after the end of each fiscal year of the Sponsor, the Borrower shall furnish, or cause to be furnished, to the Administrative Agent and each Lender (on a consolidated basis for the Sponsor and its subsidiaries) copies of the Financial Statements of the Sponsor, Borrower and each Fund. All such Financial Statements shall be prepared in accordance with GAAP consistently applied and shall be audited by an Independent certified public accounting firm of national standing, and shall be accompanied by an unqualified report of such accountants on such Financial Statements which states that such Financial Statements present fairly in all material respects the financial position of the applicable Person and its consolidated subsidiaries for the period covered by such Financial Statements. All such Financial Statements shall also be accompanied by a certification executed by the applicable Person's chief executive officer or chief financial officer (or other officer with similar duties) to the effect set forth in Section 5.01(a)(vi) .

(ii) Quarterly Reporting . Within sixty (60) days after the end of each of the first three (3) fiscal quarters in each fiscal year of the applicable Person, commencing with the fiscal quarter ended September 30, 2016, the Borrower shall provide to the Administrative Agent and each Lender (on a consolidated basis for the applicable Person and its subsidiaries) copies of the unaudited Financial Statements of each of the Sponsor, the Borrower and each Fund for each such quarter, together with a certification executed by each respective chief executive officer or chief financial officer (or other officer with similar duties) to the effect set forth in Section 5.01(a)(vi) .

(iii) Portfolio Reporting . The Borrower shall cause the Manager to provide to the Administrative Agent and the Independent Engineer a quarterly Manager's report, no later than forty-five (45) days after the end of the fiscal quarter of the Borrower in the form attached as Exhibit L . The Borrower shall cause the Manager to include in each such Manager's report (A) the zip code for each Eligible Project and (B) the estimated first-year energy generation data for each Eligible Project for the year commencing on the date such Eligible Project was granted permission to operate. The Borrower shall cause the Manager and its employees and officers to make themselves available at the request of the Administrative Agent or the Independent Engineer to discuss any information disclosed in a Manager's report, including with respect to (a) Collections, (b) Operating Expenses, (c) the deployment schedule, (d) the fair market value of the class B equity interests in each Fund and (e) portfolio production performance.

(iv) Provider Reporting . The Borrower shall cause the Provider to provide to the Administrative Agent and the Independent Engineer all reports required pursuant to Services Agreements at such time and in such manner as provided therein. The Borrower shall cause each Provider and its employees and officers to make themselves available at the request of the Administrative Agent or the Independent Engineer to discuss any information disclosed in such reports, including with respect to inverter failure rates.

(v) Debt Service Coverage Ratio Certificate . No later than ten (10) Business Days prior to each Payment Date, Borrower shall provide to the Administrative Agent a Debt Service Coverage Ratio Certificate. The Administrative Agent (including on the instructions of any Lender) may notify the Borrower in writing of any suggested corrections to a Debt Service Coverage Ratio Certificate (the " Administrative Agent DSCR Comments ") that are not inconsistent with the terms of this Agreement, no later than five (5) Business Days following receipt of a Debt Service Coverage Ratio Certificate. The Borrower shall incorporate into the Debt Service Coverage Ratio Certificate all Administrative Agent DSCR Comments that are consistent with the terms of this Agreement and deliver to the Administrative Agent a revised Debt Service Coverage Ratio Certificate no later than three (3) Business Days following the date of the Borrower's receipt of the Administrative Agent DSCR Comments.

The calculations of the Debt Service Coverage Ratios and other information provided in respect of Debt Service Coverage Ratio Certificate hereunder shall be used in determining deposits to and releases from the Collections Account or the Distribution Suspense Account, as applicable, for the purposes of making any Restricted Payments by the Borrower. If the Borrower fails to produce the information and calculations relating to the Debt Service Coverage Ratios and Debt Service Coverage Ratio Certificate required to be produced pursuant to this Agreement, then, until such time as such information and calculations are provided, no funds shall be released for the purposes of making any Restricted Payments by the Borrower.

(vi) Certifications of Financial Statements and Other Documents. Together with the Financial Statements provided to the Administrative Agent pursuant to Sections 5.01(a)(i) and (ii), the Borrower shall also furnish to the Administrative Agent certifications upon which the Administrative Agent may conclusively rely in the form of Exhibit J, executed by the respective chief executive officer, chief financial officer or controller (or other officer with similar duties) of the Sponsor and applicable Relevant Party (as applicable) certifying that such Financial Statements fairly present the financial condition and results of operations of the Sponsor and applicable Relevant Party (as applicable) on a consolidated basis for the period(s) covered thereby in accordance with GAAP (subject, in the case of any such unaudited Financial Statements, to changes resulting from audit and normal year-end adjustments, including the absence of footnotes and subject to validation of individual Subsidiary capital accounts in calculating net loss attributable to noncontrolling interests in conformity with GAAP).

(vii) Fiscal Year. The Borrower shall not, and shall not permit any Subsidiary to, change its fiscal year end from December 31.

(viii) SREC Seller Party Reporting. The Borrower shall cause SREC Guarantor to provide to the Administrative Agent each quarterly report and all financial statements and other reports delivered to SREC Guarantor by the SREC Seller Parties pursuant to the Master SREC Purchase and Sale Agreements at such time and in such manner as provided therein.

(b) Material Notices. The Borrower shall promptly, but in no event later than three (3) Business Days after the earlier of its or any Subsidiary's receipt or Knowledge thereof, deliver, or cause to be delivered, to the Administrative Agent:

(i) copies of all notices given or received with respect to a default or any event of default under any term or condition of or related to any Permitted Indebtedness;

(ii) copies of any and all notices of a default, breach or termination by any party under (A) any Transaction Document (other than a Project Document) or (B) any Project Document, which default, breach or termination under any Project Document (itself or when coupled with other breaches under any Project Document) could reasonably be expected to have a Material Adverse Effect;

(iii) notice of the occurrence of any event or circumstance that has, or could reasonably be expected to have, a Material Adverse Effect;

(iv) notice of any (A) fact, circumstance, condition or occurrence at, on, or arising from, any Project that results or could reasonably be expected to result in noncompliance with or a liability or material obligation under any Environmental Law which could reasonably be expected to have a Material Adverse Effect, (B) Release of Hazardous Materials on, from or related to any Project that has resulted in or could reasonably be expected to result in personal injury or material Property damage or in any material liability or material obligation for any Relevant Party, or (C) pending or, to the Borrower's Knowledge, threatened action, charge, claim, demand, suit, proceeding, petition, governmental investigation or arbitration in respect of any Environmental Laws against it or arising in connection with occupying or conducting operations on or at any Project therefor which could reasonably be expected to have a Material Adverse Effect;

(v) copies of all material notices, documents or reports received or sent by the Borrower, the Sponsor or any other Relevant Party pursuant to any Tax Equity Document, which shall include (without limitation) any capital contribution notice and notices, documents or reports in relation to (A) any call option, buy-out right, withdrawal right or put option, (B) the achievement of any flip or cash reversion dates under a Limited Liability Company Agreement, (C) true-up requirements (including, without limitation, any true-up report regarding interim and final true-ups), (D) the transfer of membership interests, (E) material claims against the Sponsor or any Relevant Party under any indemnity, (F) the removal or pending removal of any Guarantor as a managing member of any Fund, (G) any updates to financial models prepared by or in respect of a Fund, (H) stop deployment events, any deficient class or deficient Projects or otherwise in relation to Projects owned by a Fund being Placed in Service or material correspondence on other eligibility criteria in the Tax Equity Documents for any Tax Equity Fund, (I) the material adjustment to any ordinary distribution percentages (including curative or compensatory adjustments in favor of the Tax Equity Member) and (J) dispute resolution or independent review under the terms of any Tax Equity Document (in each case including, without limitation, in relation to the loss, recapture or disallowance of any Grant or ITC awarded or claimed, as applicable, with respect to any Project, any Projects being Placed in Service, any appraisal procedure and any material dispute in relation to Tax matters, Grants or ITCs);

(vi) notice of any event which would require a mandatory prepayment under Section 3.03(a) ;

(vii) notice that any insurance required to be maintained pursuant to the Tax Equity Documents or Loan Documents has been, or is threatened to be, cancelled;

(viii) any proposed amendment, supplement, modification or waiver to, or assignment or transfer in respect of, a Portfolio Document (other than any Customer Agreement) or the organizational documents of a Relevant Party at least five (5) Business Days prior to entry thereto;

(ix) copies of any amendment, supplement, waiver or other modification to a Portfolio Document or the organizational documents of a Relevant Party (provided that such documents in respect of the Customer Agreements may be provided on a quarterly basis but no later than sixty (60) days after the end of March, June, September and December); and

(x) notice of any Serial Defect of which the Borrower or Manager has Knowledge and each recall notice from any manufacturer of any inverter included in an Eligible Project that could be reasonably expected to be related to a Serial Defect.

(c) Tracking Models . In respect of a Partnership Flip Fund at all times prior to the date when the Flip Point for that Partnership Flip Fund is finally determined to have occurred pursuant to the applicable Limited Liability Company Agreement:

(i) the Borrower shall deliver at the same time delivered to the Tax Equity Members of any Partnership Flip Fund, but in no event later than as required under the applicable Limited Liability Company Agreement whether delivered to the applicable Tax Equity Member or not and without any extension or waiver unless consented to by the Administrative Agent, copies of the applicable Tracking Model, together with such associated reports, exhibits or supplemental information as are delivered to the Tax Equity Member and are otherwise reasonably requested to demonstrate the basis of the calculation of Flip Performance and a certification executed by the applicable Guarantor's Authorized Officer that the Tracking Model has been prepared in good faith in accordance with calculation rules and conventions under the applicable Limited Liability Company Agreement; and

(ii) the Borrower shall deliver at the same time delivered to the Tax Equity Members of any Partnership Flip Fund, each update to the Tracking Model made to calculate whether the Flip Point has occurred during the preceding calendar quarter.

The Borrower shall cause the applicable Guarantor and the Manager to make themselves available at the request of the Administrative Agent (acting on the instructions of the Required Lenders) to discuss the basis for such calculations, including the interpretation and application of the calculation rules, conventions and procedures under any Limited Liability Company Agreement. At any time (A) during the occurrence of any Event of Default or a Distribution Trap, (B) when a Tax Equity Member is exercising its rights under a Limited Liability Company Agreement to dispute a Tracking Model or calculation of Flip Performance or (C) where the aggregate Flip Point Deficit for all Partnership Flip Funds shown under the Tracking Models is at least equal to $1,000,000, the Administrative Agent may submit any Tracking Model or Tax Equity Fund Model, together with the exhibits or supplemental information thereto, to the Model Auditor for its review at the sole cost and expense of the Borrower.

(d) Class A FMV . Within two years of the Class A Option Date for Liberty Tenant and Margaux Tenant , the Administrative Agent may, at the sole cost and expense of the Borrower, consult with a nationally recognized appraiser selected by it regarding the projected Class A FMV for any such Inverted Lease Tenant as of the applicable Class A Option Date (including by taking into account the Tax Equity Fund Model and Collections received from the applicable Inverted Lease Fund). If the Class A FMV for an Inverted Lease Tenant projected by an appraiser exceeds the amount assumed under the then-current Tax Equity Fund Model for that Inverted Lease Tenant by more than 5% then the Required Inverted Lease Reserve Amount shall be updated to reflect such higher amount as the Class A FMV for the applicable Inverted Lease Tenant.

(e) Major Decisions . The Borrower shall promptly, but in no event later than five (5) Business Days prior to any vote or approval in respect of a Major Decision, deliver, or cause to be delivered, to the Administrative Agent written notice describing the issue to be decided by vote or approved together with copies of all correspondence received and sent with respect to that Major Decision.

(f) Operating Budgets .

(i) The Borrower shall prepare, or cause to be prepared, for each fiscal year of the Borrower and each Fund an operating and capital expense budget setting forth the anticipated revenues, and Operating Expenses (including expenses for Non-Covered Services) of each Relevant Party for such fiscal year, provided that the Borrower shall update such budget prior to any Permitted Fund Disposition. The initial Operating Budget for 2016 is attached as Exhibit K hereto. For each succeeding fiscal year (commencing with 2017), the Borrower shall, not later than forty-five (45) days prior to beginning of such fiscal year, submit a proposed Operating Budget to the Administrative Agent for its approval (acting on the instructions of the Required Lenders); provided that the approval of the Administrative Agent shall be deemed to be given if (A) the Operating Expenses set forth in the proposed Operating Budget do not exceed 20% in the aggregate over the amount budgeted for such Operating Expenses of the Borrower and the Funds in the then-current Base Case Model for the applicable year and (B) such proposed Operating Budget is otherwise consistent with the then-current

Base Case Model for the applicable year; provided, that such Operating Expenses may exceed 20% in the aggregate over the amount budgeted for Operating Expenses to the extent Sponsor, in its sole discretion, makes a capital contribution for such excess amount.

(ii) The Borrower shall, and shall cause each Guarantor to, deliver to the Administrative Agent (i) each operating budget submitted to the Tax Equity Members in respect of a Tax Equity Fund, at the same time as delivered to such Tax Equity Member but in no event later than as required under the applicable Limited Liability Company Agreement and (ii) when available, any amendments to such operating budget, together with all notices or correspondence regarding the approval of such operating budget (if applicable) by the Tax Equity Member; provided that the approval of the Administrative Agent (acting on the instructions of the Required Lenders) shall be deemed to be given if (A) the Non-Covered Services included in such operating budgets do not collectively exceed 20% in the aggregate over the amount budgeted for Operating Expenses in respect of the Tax Equity Funds in the then-current Base Case Model for the applicable year and (B) such operating budgets are otherwise consistent with the then-current Base Case Model for the applicable year; provided, that such Non-Covered Services may exceed 20% in the aggregate over the amount budgeted for Operating Expenses to the extent Sponsor, in its sole discretion, makes a capital contribution for such excess amount.

(g) Inverter Reporting . On or prior to the Calculation Date ending December 31, 2016, and annually thereafter, the Borrower shall submit to the Administrative Agent a list of all inverter manufacturers and models, together with the distribution of such equipment across each Fund and inverter failure rates and warranty information, for an annual review of which the Borrower has Knowledge (together, the " Inverter Review Information "). The Administrative Agent may consult with the Independent Engineer regarding the Inverter Review Information at the Borrower's sole cost and expense and Borrower shall make itself and its officers and employees available to the Independent Engineer, at the request of the Administrative Agent, to discuss the Inverter Review Information.

(h) Other Information . As soon as practicable upon request, the Borrower shall, deliver, or cause to be delivered, such other information in relation to the business, operations, Property, Assets or condition (financial or otherwise) of the Borrower and any Relevant Party and the SREC Seller Parties as the Administrative Agent or any Lender may from time to time reasonably request.

(i) Data Site . Notwithstanding anything contained to the contrary herein, all reporting and notice obligations of Borrower under this Section 5.01 may be satisfied by posting any applicable reports, notices or other materials to an Intralinks data site or such other data site designated by Borrower that is reasonably acceptable to the Administrative Agent and the Required Lenders and to which the Administrative Agent shall have control and the Lenders and the Independent Engineer have been granted access.

Section 5.02 Notice of Events of Default . The Borrower shall give the Administrative Agent prompt written notice of (a) each Default of which it obtains Knowledge and each Event of Default hereunder and (b) each default on the part of any party to the other Transaction Documents (other than the Customer Agreements where such breach (itself or when coupled with other breaches under such agreements) could not reasonably be expected to have a Material Adverse Eff ect) .

Section 5.03 Maintenance of Books and Records . The Borrower shall, and shall cause the Subsidiaries to, maintain and implement, administrative and operating procedures reasonably necessary in the performance of their obligations hereunder and the Borrower shall, and shall cause the Subsidiaries to, keep and maintain at all times, or cause to be kept and maintained at all times, all documents, books, records, accounts and other information reasonably necessary or advisable for the performance of their obligations hereunder to the extent required under applicable Law.

Section 5.04 Litigation . Notice promptly upon the Borrower or any Relevant Party receiving or obtaining:

(a) notice of any pending or threatened (in writing) litigation, investigation, action or proceeding of or before any court arbitrator or Governmental Authority affecting the Sponsor, Borrower or any Relevant Party that, if adversely determined, could reasonably be expected to result in:

(i) liability to the Borrower or a Relevant Party in an aggregate amount exceeding $1,000,000, or an aggregate amount with all other such claims exceeding $3,000,000;

(ii) injunctive, declaratory or similar relief against the Borrower or a Relevant Party relating to the transactions contemplated by the Loan Documents; or

(iii) a Material Adverse Effect;

(b) Knowledge of any material development in any action, suit, proceeding, governmental investigation or arbitration at any time which is pending against or affecting any of the Sponsor, the Borrower or any Relevant Party and could reasonably be expected to have a Material Adverse Effect.

Section 5.05 Existence; Qualification . The Borrower shall, and shall cause each other Subsidiary to, at all times preserve and keep in full force and effect its existence as a limited liability company and all rights and franchises material to its business, including its qualification to do business in each state where it is required by Law to so qualify, except to the extent that the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

Section 5.06 Taxes . The Borrower shall, and shall cause each of the other Relevant Parties to, maintain its status for U.S. federal income tax purposes as represented in Section 4.11 and shall not recognize any transfer of an ownership interest in the Borrower if the direct owner is not a U.S. Person that is not a Tax Exempt Person (or if such owner is treated as a partnership for U.S. federal income tax purposes, then each direct or indirect owner of such owner must be a U.S. Person, and no direct or indirect owner of such owner is a Tax Exempt Person, unless it owns its interest through an entity taxable as a corporation for U.S. federal income tax purposes that is not a "tax-exempt controlled entity" within the meaning of Section 168(h)(6)(F) of the Code). The Borrower shall, and shall cause each of the other Relevant Parties to, pay, or cause to be paid, as and when due and prior to delinquency, all material Taxes, assessments and governmental charges of any kind that may at any time be lawfully due or levied against or with respect to such Person or any Project (including, in each case, all material Taxes, assessments and charges lawfully made by any Governmental Authority for public improvements that may be secured by a Lien on such Project); provided , however , that the Borrower may, by appropriate proceedings, contest or cause to be contested in good faith any such Taxes, assessments and other charges and, in such event, may, if permitted by applicable Laws, permit the Taxes, assessments or other charges so contested to remain unpaid during any period, including appeals, when the Borrower is in good faith contesting or causing to be contested the same by appropriate proceedings, so long as (a) appropriate segregated cash reserves have been established on the Borrower's or the other Relevant Parties' books in an amount sufficient to pay any such Taxes, assessments or other charges, accrued interest thereon and potential penalties or other costs relating thereto, or other provision for the payment thereof reasonably satisfactory to the Administrative Agent shall have been made, (b) enforcement of the contested Tax, assessment or other charge is effectively stayed pursuant to applicable Laws for the entire duration of such contest and (c) any Tax, assessment or other charge determined to be due, together with any interest or penalties thereon, is promptly paid after resolution of such contest .

Section 5.07 Operation and Maintenance . The Borrower shall cause each Fund and the applicable Provider to, keep each Project in good operating condition consistent in all material respects with the applicable Portfolio Documents, including consistent with any provisions of any manufacturer, installer or other warranties and the standard of care required by the Portfolio Documents, and, to the extent required by the Portfolio Documents, make or cause to be made all repairs necessary to keep such Projects in such condition (ordinary wear and tear excepted). With respect to replacements of panels of any Project, the Borrower shall, and shall cause each Fund and the applicable Provider to, use solar panels manufactured by an Approved Manufacturer.

Section 5.08 Preservation of Rights; Maintenance of Projects; Warranty Claims; Security .

(a) The Borrower shall cause each Subsidiary to (i) perform and observe its material obligations under the Portfolio Documents, and to which such Relevant Party is a party and (ii) preserve, protect and defend its (or its Subsidiary's) material rights, under such Portfolio Documents, including prosecution of suits to enforce any right of such Relevant Party thereunder and enforcement of any claims with respect thereto. The Borrower and each

Subsidiary shall cause the applicable Provider to maintain any Permits as may be required in connection with the maintenance, repair or removal of any Project to the extent required by the Services Agreements.

(b) Borrower and each Subsidiary shall cause the Manager or Provider (as appropriate) to, on behalf of the applicable Subsidiary, pursue warranty claims related to a Project's photovoltaic panels, inverters or other material components in accordance with the Portfolio Documents and the applicable warranty, unless the Administrative Agent waives such requirement in writing.

(c) The Borrower shall, and shall cause each Loan Party and SREC Seller Party to, execute and deliver from time to time such other documents as shall be necessary or advisable, or that the Administrative Agent or Collateral Agent may reasonably request, in connection with the rights and remedies of the Secured Parties granted by or provided for in the Loan Documents and to perform the transactions contemplated therein.

(d) The Borrower shall, and shall cause each Loan Party and SREC Seller Party to (i) take all actions as may be necessary or advisable, or that the Administrative Agent may reasonably request, to establish, maintain, protect, perfect and continue the perfection or the first-priority status (subject to Permitted Liens) of the security interests created (or purported to be created) by the Collateral Documents and (ii) furnish timely notice of the necessity of any such action together with such instruments, in execution form (if applicable), and such other information as may be required or reasonably requested to enable any appropriate Person to effect any such action. Without limiting the generality of the foregoing, the Borrower shall, at its own expense, (A) execute and deliver or cause to be executed and delivered, acknowledge or cause to be acknowledged, file or cause to be filed or record or register or cause to be recorded or registered, or take any other action or cause any other action to be taken with respect to, such notices, statements, instruments and other documents (including any memorandum of lease or other agreement, UCC financing statement or amendment or continuation statement, certificate of title or estoppel certificate, fixture filings and mortgages or deeds of trust) in all places necessary or advisable to establish, maintain, protect and perfect, and ensure the priority of, such security interests and in all other places that the Administrative Agent or any Lender shall reasonably request, (B) discharge all other Liens (other than Permitted Liens) or other claims adversely affecting the rights of the Secured Parties in the Collateral or the pledged interests and (C) deliver or publish all notices to third parties that may be required to establish or maintain the validity, perfection or priority of any Lien created pursuant to this Agreement or the Collateral Documents.

(e) Without limiting its obligations under the foregoing clauses (c) and (d) , the Borrower shall, and shall cause each Loan Party and SREC Seller Party to, do everything necessary or advisable (including filing, registering and recording all necessary instruments and documents and paying all fees, taxes, levies, imposts and periodic expenses in connection therewith), or that the Administrative Agent may reasonably request, to (i) create security arrangements, including, as applicable, the establishment of a pledge or the perfection of any Lien or, as applicable, the enforceability of a Lien as against such Subsidiary and any subsequent lienor (including a judgment lienor), holder of a charge, or transferee for or not for value, in

bulk, by operation of Law, or otherwise, in each case granted, with respect to all future Assets in accordance with the requirements of all applicable Laws, or the Law of any other jurisdiction, as applicable, (ii) maintain the security and pledges created by this Agreement and the Collateral Documents in full force and effect at all times (including, as applicable, the priority thereof) and (iii) preserve and protect the Collateral and Membership Interests and protect and enforce its rights and title, and the rights and title of the Secured Parties, to the security created by this Agreement and the Collateral Documents.

(f) The Borrower shall take all reasonable actions to maintain the filings referenced in Section 4.22(j) and Section 4.22(k) pursuant to applicable Laws. If any such filing is released to assist a Customer in a pending refinancing of such Customer's mortgage loan or sale of home, the Borrower will cause the applicable Fund to submit such filing to be re-filed in the real property records within 30 calendar days of the closing of such mortgage loan refinancing or home sale.

(g) Without limitation to Section 5.22 , simultaneously with the purchase or cancellation of the outstanding "class A" membership interests of a Fund or any membership interests held by a Tax Equity Member in such Fund (whether pursuant to purchase, call, put or withdrawal option), the Borrower shall, and shall cause the applicable Guarantor and Fund to, deliver such new and amended Collateral Documents and standing instructions and associated amendments to the Loan Documents as requested by the Administrative Agent (including a Guaranty and Security Agreement to provide a security interest for the Obligations over all Assets of the Fund, standing instructions for the deposit of the revenues of such Fund into the Collections Account, amendments to reflect such Fund as a wholly owned subsidiary of the Borrower and other amendments in respect of account mechanics, contracting, budgeting and payment provisions regarding the operation and maintenance of the Fund, back-up servicing and transition management arrangements for the Fund and the removal of prepaid systems from the ownership of the Relevant Parties) in a form and of substance reasonably acceptable to it.

Section 5.09 Compliance with Laws; Environmental Laws . The Borrower shall, and shall cause each Subsidiary to (a) comply in all material respects with, and conduct its business and operations in compliance in all material respects with, all applicable Laws (including Environmental Laws, consumer leasing and protection Law and any federal, state or local regulatory Laws) and Permits, and (b) procure, maintain in full force and effect and comply in all material respects with all Permits by the date such Permit is necessary or required to have been obtained under applicable Law.

Section 5.10 Energy Regulatory Laws . (a) If (i) a Project sells, or is reasonably expected to sell, electric energy at wholesale for resale, (ii) such Project or any Fund would become subject to, or not be exempt from, state laws or regulations respecting the rates, finances and organization of regulated electric utilities or (iii) any Fund would become subject to, or not be exempt from, regulation as a "holding company" under PUHCA due to the absence of its status as a Qualifying Facility, then Borrower shall cause the applicable Guarantor to cause the Fund to file with FERC a self-certification of Qualifying Facility status unless the Project is exempt from such filing requirement for Qualifying Facility status; and (b) if the net power production capacity of any small power production facilities controlled by the Fund or its

affiliates located within one mile (i) exceed 20 MW and (ii) include one or more Projects, then Borrower shall cause the Guarantor to cause the Fund to make any FERC filings, including any applicable filing under Section 205 of the FPA, necessary to preserve and continue the affected Projects' ability to sell power pursuant to their related Customer Agreements or to not be in violation of the FPA.

Section 5.11 Interest Rate Hedging . By no later than thirty (30) Business Days after the Closing Date (the " Final Hedging Date "), the Borrower shall enter into and thereafter maintain Interest Rate Hedging Agreements on a pro rata basis with the Joint Lead Arrangers or Affiliates thereof who elect to participate as Secured Hedge Providers (in each case, documented pursuant to ISDA agreements reasonably satisfactory to the Administrative Agent) to the extent necessary to provide that from the Final Hedging Date at least 75% but in no event greater than 100% of the aggregate principal amount of Term Loans outstanding or projected to be outstanding are subject to either a fixed interest rate, or other interest rate protection acceptable to the Administrative Agent, through the Hedge Profile Repayment Date; provided , that to the extent any Interest Rate Hedging Agreements provide for greater than 75% of the aggregate principal amount of Term Loans outstanding or projected to be outstanding, such excess is not required to be on a pro rata basis with the Joint Lead Arrangers.

Section 5.12 Payment of Claims .

(a) Except for those matters being contested pursuant to clause (b) below, the Borrower shall, and shall cause the other Relevant Parties to, pay (i) all claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by Law have or may become a Lien upon any of its Properties or Assets (hereinafter referred to as the " Claims ") and (ii) all U.S. federal, state, local and non-U.S. income Taxes, sales Taxes, excise Taxes and all other Taxes and assessments of the Relevant Parties on their businesses, income, profits, franchises or Assets, in each instance before any penalty or fine is incurred with respect thereto; provided that, without limiting the Sponsor's obligations under the Cash Diversion Guaranty, the foregoing shall not be deemed to require that a Relevant Party pay any such Tax or other liability that is imposed on a Customer or that such Customer is contractually obligated to pay, and the term " Claims " shall be construed accordingly.

(b) The Borrower shall not be required to pay, discharge or remove any Claim relating to any Project that it is otherwise obligated to pay, discharge or remove so long as the Borrower contests (or causes to be contested) in good faith such Claim or the validity, applicability or amount thereof by an appropriate legal proceeding which operates to prevent the collection of such amounts and the sale of the applicable Project, so long as no Event of Default shall have occurred and be continuing and the Borrower has provided the Administrative Agent with security or cash reserves in an amount sufficient to pay, discharge or remove such Claim.

Section 5.13 Maintenance of Insurance .

(a) Until the Debt Termination Date, the Borrower shall, at its sole cost and expense, procure and maintain, or cause to be procured and maintained with Qualified Insurers, insurance with respect to its properties and business against loss or damage of the kinds

customarily insured against by Persons engaged in the same or similar business as the Borrower and Guarantors, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, which types and amounts shall be adjusted annually pursuant to Section 5.13(b) . In addition, Borrower shall or shall cause each of the Funds to take all necessary action to maintain any insurance that such Fund is required to maintain pursuant to the terms and conditions of the Portfolio Documents. The following terms and conditions apply with respect to property and liability insurance maintained by or on behalf of the Borrower or Funds:

(i) Property Insurance - to provide against loss and damage by all risks of physical loss or damage covering Assets and other personal property, in amounts not less than the full insurable replacement value of all personal property from time to time, subject to usual and customary sublimits, acceptable to the Administrative Agent, including coverage on a replacement cost and/or agreed amount basis with no deduction for depreciation and no co-insurance provisions (or a waiver thereof). With respect to all property insurance (including any excess or difference in conditions policies, if applicable) requirement pursuant to Section 5.13(a) :

(A) Borrower, each Guarantor and each of their members shall be included as either the "named insured" or an additional "named insured";

(B) Borrower, each Guarantor and each of their members hereby waives any rights of subrogation against the Secured Parties and shall cause any such property insurance policies to include or be endorsed to include a waiver of subrogation in their favor;

(C) Such property insurance policies may be a combination of master insurance policies that insure more than one Fund and/or other assets and/or stand-alone policies that are separate and specific to only one Fund; and

(D) Such property insurance shall include severability of interest and non-vitiation wording that is acceptable to the Administrative Agent.

(ii) Liability Insurance:

(A) General Liability - to provide coverage on an "occurrence" basis, including coverage for premises/operations explosion, collapse and underground hazards, products/completed operations, broad form property damage, blanket contractual liability for written contracts, independent contractors and personal injury;

(B) Excess/Umbrella Liability - in excess of the Automobile Liability and Commercial General Liability limits indicated above on a following-form basis with drop-down provisions applying;

(C) Borrower, each Guarantor and each of their members shall be included as an additional "named insured";

(D) Secured Parties and their respective permitted successors, assigns, members, directors, officers, employees, lenders, investors, representatives shall be included on an endorsement to the policy naming (or providing via blanket endorsement as required by written contract) as additional insureds on a primary and non-contributory basis;

(E) Borrower, each Guarantor and each of their members hereby waives any rights of subrogation against the Secured Parties and shall cause any such liability insurance policies to include or be endorsed to include a waiver of subrogation in favor of the Secured Parties; and

(F) Such liability insurance policies shall include a severability of interest or separation of insureds clause with no material exclusions for cross-liability clause (to the extent commercially available).

(iii) General Terms and Conditions (Property and Liability Insurance)

(A) To the extent commercially available, such property and liability insurance shall be endorsed to provide at least thirty (30) days' prior written notice (or ten (10) days' prior notice if such cancellation is due to failure to pay premiums) of cancellation to the Administrative Agent at the address noted below. If such endorsement for notice of cancellation shall not be commercially available, the Borrower shall be obligated to provide the required written notice of cancellation to the Administrative Agent:

Investec Bank plc
as Administrative Agent
2 Gresham Street
London, EC2V 7QP
United Kingdom
Attention: Shelagh Kirkland
Telephone: [***]
Facsimile: [***]
Email: [***]

(B) All such property and liability insurance shall have limits and sublimits at least equal to those contained in the policies listed in Schedule 4.14;

(C) All such property and liability insurance shall have deductibles in accordance with Prudent Industry Practices, the Portfolio Documents and the policies listed in Schedule 4.14;

(D) Borrower shall be obligated to provide written notice of material change to the Administrative Agent unless such notice is otherwise provided by endorsement of the required policies. For the purposes of this Section 5.13(a)(iii) , "materially changed" means any reduction of more than twenty-five percent (25%) of any policy aggregate limit then maintained for earthquake (or earth movement as the case may be), flood, windstorm (if applicable) or excess liability or a change that would cause the Fund to be in non-compliance with the insurance requirements of the Portfolio Documents;

(E) Prior to Closing Date and annually thereafter within ten (10) Business Days after renewal or replacement of insurance policies required in this Section 5.13 , the Borrower shall provide detailed evidence of insurance (in a form acceptable to the Administrative Agent) including certificates of insurance and copies of applicable insurance binders and policies (if requested), as well as a statement from the Borrower and/or its authorized insurance representative confirming that such insurance is in compliance with the terms and conditions of this Section 5.13 , is in full force and effect and all premiums then due have been paid or are not in arrears; and

(F) No provision of this Agreement shall impose on the Administrative Agent or any Secured Party any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by or on behalf of the Borrower, Guarantor or Fund, nor shall the Administrative Agent or any Secured Party be responsible for any representations or warranties made by or on behalf of the Borrower, Guarantor or Fund, or any other party to any insurance agent or broker, insurance company or underwriter.

(b) On an annual basis, not later than sixty (60) days before renewal of master All-Risk Property Insurance policies (including Excess Policies) maintained by or on behalf of the Borrower and each Guarantor or Fund (i.e. such master policies are not specific to a separate Subject Fund but instead insure more than one Fund or other assets), the Borrower shall cause a nationally recognized insurance or other applicable expert to perform and deliver, with a copy to the Administrative Agent, a probable maximum loss analysis with respect to the properties of the Borrower and the Guarantors. Such probable maximum loss analysis (or analyses) shall include at a minimum the peril of earthquake and windstorm and shall be based

upon not less than a 1 in 500 year event. The Administrative Agent, the Borrower and each Guarantor shall review such probable maximum loss analysis (or analyses) and, the Borrower and Guarantors shall make appropriate adjustments (in consultation with, and with the prior written approval of, the Administrative Agent) to the types and amounts of insurance it maintains pursuant to Section 5.13(a) to reflect the results not less than 125% of such probable maximum loss analysis (or analyses) at all times (including the use of extrapolation methods to account for properties not yet built, as applicable).

If at any time the Borrower determines in its reasonable judgment that any insurance (including the limits or deductibles thereof) required to be maintained by this Section 5.13 is not available on commercially reasonable terms due to prevailing conditions in the commercial insurance market at such time, then upon the written request of the Borrower together with a written report of the Borrower's insurance broker or another independent insurance broker of nationally-recognized standing in the insurance industry (i) certifying that such insurance is not available on commercially reasonable terms (and, in any case where the required maximum coverage is not reasonably available, certifying as to the maximum amount which is so available), (ii) explaining in detail the basis for such broker's conclusions (including but limited to the cost of obtaining the required coverage(s) as well as the proposed alternative coverage(s)), and (iii) containing such other information as the Administrative Agent (in consultation with the Insurance Consultant) may reasonably request, the Administrative Agent may (after consultation with the Insurance Consultant) temporarily waive such requirement and only to the extent that the Borrower can demonstrate that such temporary waiver will not cause the Borrower or the Guarantors to be out of compliance with the Portfolio Documents or that a similar waiver has been obtained under such Portfolio Documents; provided, however, that the Administrative Agent, may in its sole judgment, decline to waive any such insurance requirement(s). At any time after the granting of any temporary waiver pursuant to this Section 5.13 but not more than once in any year, the Administrative Agent may request, and the Borrower shall furnish to the Administrative Agent within thirty (30) days after such request, an updated insurance report reasonably acceptable to the Administrative Agent (in consultation with the Insurance Consultant) from the Borrower's independent insurance broker. Any waiver granted pursuant to this Section 5.13 shall expire, without further action by any party, immediately upon (A) such waived insurance requirement becoming available on commercially reasonable terms, as reasonably determined by the Administrative Agent, (in consultation with the Insurance Consultant) or (B) failure of the Borrower to deliver an updated insurance report pursuant to clause (ii) above.

Section 5.14 Inspection .

(a) The Borrower agrees that, with ten (10) days' prior notice, it will permit, and cause each Subsidiary to permit, any representatives and consultants of the Lender Parties and NY Green Bank, during the applicable Relevant Party's normal business hours, to examine on-site all the books of account, records, reports and other papers of the Relevant Parties, to make copies and extracts therefrom, and the Borrower further agrees to discuss their affairs, finances and accounts with the officers, employees, Independent certified public accountants and other consultants of such Lender Parties and NY Green Bank, all at such reasonable times and at the Borrower's expense; provided that except during the continuation of

an Event of Default, such examinations may occur no more frequently than once per calendar year. The Borrower shall promptly deliver copies of any Portfolio Documents as may be requested by Administrative Agent from time to time. NY Green Bank shall be an express third party beneficiary of this Section 5.14(a).

(b) The Borrower will permit, and shall cause each Subsidiary to permit, the Administrative Agent to conduct, in each case, at the sole cost and expense of the Borrower, field audits and examinations of the Projects, and appraisals of the Projects; provided, that, (i) such field audits and examinations and appraisals may be conducted not more than once per any twelve-month period (except, during the existence and continuance of an Event of Default, there shall be no limit on the number of additional field audits and examinations and appraisals that shall be permitted at the Borrowers' expense) and (ii) except during the continuance of an Event of Default, the Administrative Agent shall consult with the Borrower regarding the costs and expenses of such field audits and examinations and appraisals.

Section 5.15 Cooperation. The Borrower shall, and shall cause its Subsidiaries to, cooperate and provide reasonable information and other assistance in connection with any proposed assignment or participation of a Loan permitted by Section 11.05(b).

Section 5.16 Collateral Accounts; Collections.

(a) The Borrower shall maintain, and shall cause to its Subsidiaries to maintain, in full force and effect each of the Collateral Accounts in accordance with the terms of the Loan Documents and with an Acceptable Bank.

(b) The Borrower shall, and shall cause each Relevant Party to, ensure that at all times each counterparty to a Project Document is directed to pay all Rents or other payments due to a Relevant Party under such Project Document in accordance with the terms of the Loan Documents.

(c) Borrower shall, and shall cause each Loan Party to, remit any amounts received by it or received by third parties (other than pursuant to the terms of the Loan Documents) on its behalf to the appropriate Collateral Account for deposit in accordance with the terms of the Loan Documents.

(d) The Borrower shall cause the Guarantors to deposit all Collections consisting of distributions in respect of the Fund Membership Interests directly into the applicable Guarantor Account.

(e) The Borrower shall cause the Guarantors to deposit all Collections consisting of distributions in respect of the Guarantor Membership Interests directly into the Collections Account (other that any distributions received in respect of the proceeds of Excluded Property, as evidenced by documentation reasonably acceptable to the Administrative Agent, which shall be deposited into the Distribution Suspense Account).

Section 5.17 Performance of Agreements . Borrower shall, and shall cause the Subsidiaries to, duly and punctually perform, observe and comply in all material respects with all of the terms, provisions, conditions, covenants and agreements on its part to be performed, observed and complied with hereunder and under the other Loan Documents to which it is a party. The Borrower shall, and shall cause the Subsidiaries to, prudently exercise and enforce their rights, authorities and discretions under the Portfolio Documents to which they are a party.

Section 5.18 Customer Agreements and SREC Contracts .

(a) Each Customer Agreement entered into following the Closing Date shall be an Eligible Customer Agreement.

(b) The Borrower shall ensure that the applicable Relevant Party takes all such actions required pursuant to the Fund SREC Transfer Agreements to transfer all SRECs produced by the applicable Fund to SREC Guarantor.

Section 5.19 Management Agreement . The Borrower shall, and shall cause the Manager and each Relevant Party to, (a) perform and observe all of the material terms, covenants and conditions of the Management Agreement on the part of Manager and such Relevant Party to be performed and observed and (b) promptly notify the Administrative Agent of any notice to Borrower of any material default under the Management Agreement. If the Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement to be performed or observed by it, then, without limiting the Administrative Agent's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Manager or any Relevant Party from any of its obligations under the Loan Documents or the Borrower under the Management Agreement, the Borrower grants the Administrative Agent on its behalf the right, upon prior written notice to the Borrower, to pay any sums and to perform any act as may be reasonably appropriate to cause such material conditions of the Management Agreement on the part of the Borrower to be performed or observed; provided , however , that the Administrative Agent will not be under any obligation to pay such sums or perform such acts.

Section 5.20 Use of Proceeds . The Borrower shall apply the proceeds of the Loans exclusively as permitted pursuant to Section 2.01 and Section 2.02 .

Section 5.21 Project Expenditures . The Borrower shall cause the Relevant Parties, Manager and Providers to, operate and maintain the Projects pursuant to the then-current operating budgets, the Services Agreements, the Portfolio Documents, and all other agreements with respect to the Project (including any provisions of any manufacturer, installer or other warranties).

Section 5.22 Tax Equity Fund Matters .

(a) Any capital contribution or loan required to be made by any Guarantor to any Tax Equity Fund pursuant to such Tax Equity Fund's Limited Liability Company Agreement or any other Tax Equity Document shall be made solely from the proceeds of Excluded Property or a contribution from the Sponsor (it being understood that such loan shall not be Excluded Property and shall be pledged to the Collateral Agent as security for the Obligations with repayments on such loan to be paid directly into the Collections Account by the applicable Guarantor).

(b) The Borrower shall, and shall cause each Guarantor to, enforce their rights under the Tax Equity Documents to ensure that each Relevant Party shall make and apply the maximum distributions to the managing members in accordance with the Tax Equity Documents and, without limitation, shall not agree to the maintenance of any cash reserve within any Fund without the consent of the Administrative Agent (acting on the instructions of the Required Lenders), except to the extent a cash reserve is required to be established under the terms of the Tax Equity Documents.

Section 5.23 Recapture . Each Relevant Party will take all reasonable actions to avoid any (i) recapture of (or other liability to repay) any Grant awarded with respect to any Project by the U.S. Treasury or (ii) loss, disallowance or recapture of all or part of any ITC claimed with respect to any Project.

Section 5.24 Termination of Servicer . In the event that (i) a Servicer Termination Event occurs, and (ii) a Fund or a Guarantor has the right to terminate a Services Agreement or replace a Provider pursuant to the terms of such Services Agreement, the Administrative Agent (acting on the instructions of the Required Lenders) may, in its sole discretion, deliver notice to the Borrower requiring it to cause any Guarantor to terminate the appointment of the Provider and trigger a transition to a "Replacement Servicer" in accordance with the Back-Up Servicing Agreement. The Borrower shall, and shall cause the applicable Guarantor to, immediately take all such action necessary (including the delivery of notice) to terminate the Provider and transition to a "Replacement Servicer" in accordance with the Back-Up Servicing Agreement. Following a Servicer Termination Event, the Borrower shall, and shall cause the applicable Guarantor to, only exercise any approval or consent right held by a Fund to object to or veto the identity of a replacement Provider (or any candidate for such role) or the terms and conditions of a replacement Services Agreement, with the prior written consent of the Administrative Agent.

Section 5.25 Deposits to Collections Account .

(a) The Borrower shall cause the Manager to promptly transfer any Collections consisting of checks representing payments to a Fund into its applicable Fund Account.

(b) The Borrower shall cause the Manager to identify the payor of any non-recurring Customer ACH or credit card payments as soon as reasonably practicable and shall cause all Collections that have been identified as being payable to Fund to be deposited into its applicable Fund Account as soon as reasonably practicable.

(c) The Borrower shall cause the Manager to deposit any Collections consisting of recurring Customer ACH or debit card payments that are due to a Fund into the applicable Fund Account upon receipt of such payments.

(d) The Borrower shall cause the Guarantors to deposit all Collections consisting of distributions in respect of the Fund Manager Membership Interests directly into the respective Guarantor Account (other than any distributions received in respect of the proceeds of Excluded Property which shall be deposited into the Distribution Suspense Account), which such amounts shall be transferred by the Depository Bank from such Guarantor Account to the Collections Account.

(e) The Borrower shall cause SREC Guarantor to deposit all Fund SREC Property received by SREC Guarantor as proceeds pursuant to the SREC Aggregator Master PSA into the Unpledged SREC Account. The Borrower shall cause SREC Guarantor to subsequently transfer (i) the portion of all such Fund SREC Property attributable to the sale of the Aggregator SRECs into the Fund Account where such Aggregator SRECs were generated and (ii) all other such Fund SREC Property, if any, to any other Person in SREC Guarantor's sole discretion, as evidenced by documentation reasonably acceptable to the Administrative Agent that demonstrates no Fund is entitled to such payment.

(f) The Borrower shall cause SREC Guarantor to deposit all Collections received by SREC Guarantor pursuant to the SREC Financing Master PSA into the Pledged SREC Account. The Borrower shall cause SREC Guarantor to subsequently transfer (i) the portion of all such Collections attributable to the sale of the Financing SRECs and sold pursuant to an Eligible SREC Contract, or otherwise in accordance with Section 5.4(b) of the SREC Financing Master PSA, directly into the Collections Account (the " Financing SREC Collections ") and (ii) all other such Collections, if any, shall be deposited into the Distribution Suspense Account, as evidenced by documentation reasonably acceptable to the Administrative Agent.

(g) The Borrower shall cause each Guarantor to maintain each Fund Account with an Acceptable Bank and free and clear of any Lien over such Fund Account or the amounts deposited therein. The Borrower shall cause SREC Guarantor to maintain (i) the Unpledged SREC Account with an Acceptable Bank and free and clear of any Lien over such Unpledged SREC Account or the amounts deposited therein and (ii) the Pledged SREC Account with an Acceptable Bank and free and clear of any Lien over such Pledged SREC Account or the amounts deposited therein (other than Liens created pursuant to the Guaranty and Pledge Agreement).

(h) The Borrower and its Subsidiaries shall cause the Manager (in its capacity as Provider under the Services Agreements) to hold all amounts received by it on behalf of a Fund separately allocated for such Fund, separate from its own assets.

Section 5.26 Post-Closing Covenant . Borrower shall use commercially reasonable efforts to, within 90 days following the Closing Date, deliver to the Administrative Agent a fully executed copy of an amendment to the Limited Liability Company Agreement of each Tax Equity Fund, that either (A) provides that (i) the members of such Tax Equity Fund acknowledge that Subchapters C and D of Chapter 63 of the Code have been repealed, and that Chapter 63 of the Code has been amended, by Section 1101 of the Budget Act, to be effective with respect to taxable years beginning after December 31, 2017; (ii) the members of such Tax Equity Fund agree to cooperate, reasonably and in good faith, to take such action on or prior to the effective date of Section 1101 of the Budget Act as reasonably necessary to preserve and retain after the effective date of Section 1101 of the Budget Act (and any Further Guidance), to the extent possible, the substantive arrangement and relative and analogous rights, duties, indemnities, responsibilities, risks, and obligations of the applicable Guarantor and Tax Equity Members reflected in such Limited Liability Company Agreement with respect to tax audits and other administrative procedures addressed by Section 1101 of the Budget Act; and (iii) no member of such Tax Equity Fund may make or cause such Tax Equity Fund to make any election under Section 1101(g)(4) of the Budget Act or any subsequent law or guidance to have the provisions of Section 1101 of the Budget Act apply to such Tax Equity Fund prior to the effective date of Section 1101 of the Budget Act or (B) (i) incorporates any changes necessary to preserve and retain after the effective date of Section 1101 of the Budget Act (and any Further Guidance), to the extent possible, the substantive arrangement and relative and analogous rights, duties, indemnities, responsibilities, risks, and obligations of the applicable Tax Equity Fund and Tax Equity Members reflected in such Limited Liability Company Agreement with respect to tax audits and other administrative procedures addressed by Section 1101 of the Budget Act; and (ii) provides that no member of such Tax Equity Fund may make or cause such Tax Equity Fund to make any election under Section 1101(g)(4) of the Budget Act or any subsequent law or guidance to have the provisions of Section 1101 of the Budget Act apply to such Tax Equity Fund prior to the effective date of Section 1101 of the Budget Act.

Section 5.27 Tax Partnership Election . With respect to any Tax Equity Fund that contains in the applicable Limited Liability Company Agreement an Acceptable Audit Election Provision, in the event such Tax Equity Fund receives a notice of final partnership administrative adjustment that would, with the passing of time, result in an "imputed underpayment" imposed on such Tax Equity Fund as that term is defined in Code Section 6225, Borrower shall, or shall cause such Tax Equity Fund, within thirty (30) days after the date of such notice to (x) timely elect pursuant to Code Section 6226 (as amended by the Budget Act) to make inapplicable to such Tax Equity Fund the requirement in Code Section 6225 (as amended by the Budget Act) to pay the "imputed underpayment" as that term is used in that section, (y) comply with all of the requirements and procedures required in connection with such election, and (z) provide evidence of such election to Administrative Agent.

ARTICLE VI
NEGATIVE COVENANTS

Section 6.01 Indebtedness . The Borrower shall not, and shall not permit the Subsidiaries to, create, incur, assume, guarantee, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness except for the following (collectively, " Permitted Indebtedness "):

(a) the Obligations (including the Secured Hedging Obligations);

(b) unsecured trade payables which are not evidenced by a note or are otherwise indebtedness for borrowed money and which arise out of purchases of goods or services in the ordinary course of business; provided , however , (i) such trade payables are payable not later than 90 days after the original invoice date and are not overdue by more than 30 days and (ii) the aggregate amount of such trade payables outstanding does not, at any time, exceed $1,000,000 in the aggregate for the Borrower and the Subsidiaries;

(c) loans made by a Guarantor to a Fund solely to the extent made with the proceeds of Excluded Property or a contribution from the Sponsor in accordance with Section 5.22(a) ;

(d) subject to Section 9.03 , Indebtedness incurred under loans made by the Sponsor to the Borrower which are subordinated to the Obligations, evidenced by a subordinated note and pledged in favor of the Collateral Agent under documentation acceptable to the Administrative Agent;

(e) to the extent constituting Indebtedness, obligations or liabilities of a Guarantor or Fund arising under any Master SREC Purchase and Sale Agreement or Fund SREC Transfer Agreement;

(f) obligations under Interest Rate Hedging Agreements permitted in accordance with Section 5.11 ; or

(g) any operating deficit loans required to be made by a Guarantor to a Tax Equity Fund pursuant to the Tax Equity Documents; provided that the aggregate amount of such operating deficit loans does not, after the application of the proceeds of any loan made pursuant to Section 6.01(c) , at any time, exceed $2,000,000 in the aggregate.

In no event shall any Indebtedness other than the Obligations be secured, in whole or in part, by the Collateral or other Assets or any portion thereof or interest therein and any proceeds of any of the foregoing.

Section 6.02 No Liens . The Borrower shall not, and shall not permit the Subsidiaries to, create, incur, assume or permit to exist any Lien on any Asset now owned or hereafter acquired by it except Permitted Liens.

Section 6.03 Restriction on Fundamental Changes . The Borrower shall not, and shall not permit the Subsidiaries to, (a) merge or consolidate with another Person, (b) sell, assign, transfer or dispose of any part of the Collateral other than (x) sales, assignments, transfers or dispositions of obsolete, worn-out or replaced Property or Assets not used or useful in its business, (y) sales of Projects to Customers pursuant to the express terms of the Customer Agreements (provided that the proceeds thereof received by the Relevant Parties are applied in accordance with Section 3.03(b) and Section 3.03(m)), (z) a Permitted Fund Disposition or (w) otherwise as expressly permitted by this Agreement, (c) liquidate, wind-up or dissolve any Subsidiary or (d) withdraw or resign from any Subsidiary (including in the capacity as managing member).

Section 6.04 Bankruptcy, Receivers, Similar Matters . Borrower shall not, and shall not permit any Subsidiary to, apply for, consent to, or aid, solicit, support, or otherwise act, cooperate or collude to cause the appointment of or taking possession by, a receiver, trustee or other custodian for all or a substantial part of the Assets of any Relevant Party. Borrower shall not, and shall not permit any Subsidiary to, file a petition for, consent to the filing of a petition for, or aid, solicit, support, or otherwise act, cooperate or collude to cause the filing of a petition for an Involuntary Bankruptcy. In any Involuntary Bankruptcy of any Relevant Party, the Borrower shall not, and shall not permit any Subsidiary to, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders), consent to the entry of any order, file any motion, or support any motion (irrespective of the subject of the motion), and the Borrower shall not, and shall not permit any Subsidiary to file or support any plan of reorganization. In any Involuntary Bankruptcy of a Relevant Party, Borrower shall, and shall cause the Subsidiaries to, do all things reasonably requested by the Administrative Agent (acting on the instructions of the Required Lenders) to assist the Administrative Agent in obtaining such relief as the Administrative Agent shall seek, and shall in all events vote as directed by the Administrative Agent (acting on the instructions of the Required Lenders). Without limitation of the foregoing, Borrower shall, and shall cause the Subsidiaries to, do all things reasonably requested by the Administrative Agent (acting on the instructions of the Required Lenders) to support any motion for relief from stay or plan of reorganization proposed or supported by the Administrative Agent (acting on the instructions of the Required Lenders).

Section 6.05 ERISA .

(a) No ERISA Plans . The Borrower shall not, and shall not permit any Loan Party to, establish any Employee Benefit Plan or Multiemployer Plan, or commence making contributions to (or become obligated to make contributions to) any Employee Benefit Plan or Multiemployer Plan.

(b) Compliance with ERISA . The Borrower shall not, and shall not permit any Subsidiary to engage in any non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code; provided that if Borrower is in default of this covenant under paragraph (a) above, Borrower shall be deemed not to be in default if such default results solely because (x) any portion of the Loans have been, or will be, funded with plan assets of any Plan and (y) the purchase or holding of such portion of the Loans by such Plan constitutes a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of applicable Similar Law.

(c) The Borrower shall not, and shall not permit the Subsidiaries to, hire or maintain any employees.

Section 6.06 Restricted Payments . The Borrower shall not, and shall not permit any Subsidiary to make, directly or indirectly any Restricted Payment other than:

(a) distributions by the Tax Equity Funds to their members in accordance with the terms of the respective Limited Liability Company Agreements;

(b) distributions by the Relevant Parties to the Borrower;

(c) distributions by the Borrower upon satisfaction of the Distribution Conditions, unless such Restricted Payment is otherwise restricted under this Agreement or the Depository Agreement;

(d) the Borrower and Subsidiaries may distribute to their members any and all proceeds from Excluded Property; and

(e) distributions of Term Loan proceeds in accordance with the express provisions of ARTICLE II and as directed in the Closing Date Funds Flow Memorandum or to the extent permitted to be paid as a distribution from the Proceeds Escrow Account in accordance with the Depository Agreement.

The Borrower shall not (i) redeem, purchase, retire or otherwise acquire for value any of its ownership or equity interests or securities or (ii) set aside or otherwise segregate any amounts for any such purpose. The Borrower shall not, directly or indirectly, make payments to or distributions from the Collateral Accounts except in accordance with the Depository Agreement. The Borrower shall ensure that no Guarantor exercises any right of offset or set-off against its right to distributions from a Fund.

Section 6.07 Limitation on Investments . The Borrower shall not, and shall not permit any Subsidiary to, after the date hereof, form, or cause to be formed, any subsidiaries, make or suffer to exist any loans or advances to, or extend any credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise (other than pursuant to a Loan Document)), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of any other Person (except by the endorsement of checks in the ordinary course of business), or, except as expressly permitted under any Loan Document, make

any investments (by way of transfer of Property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or Assets, or otherwise) in, any Affiliate or any other Person.

Section 6.08 Sanctions and Anti-Corruption . The Borrower shall not, and shall not permit any Relevant Party, the Sponsor or other Affiliate to (a) become a Blocked Person (including by virtue of being owned or controlled by a Blocked Person) or own or control a Blocked Person, (b) use, contribute or otherwise make available all or any part of the proceeds of the Loans, directly or indirectly, to or for the benefit of any Person (whether or not an Affiliate of the Borrower) for the purpose of financing the activities or business of, other transactions with, or investments involving any Blocked Person or Sanctioned Country or in any other manner that constitutes or would give rise to a violation by any Person, including any Lender, of any Anti-Money Laundering Laws, Anti-Corruption Laws or Sanctions , (c) directly or indirectly fund all or part of any repayment or prepayment of the Loans out of proceeds derived from any transaction with or action involving a Blocked Person or in violation of Anti-Corruption Laws or (d) engage in any transaction, activity or conduct that would violate applicable Sanctions or Anti-Corruption Laws, that would cause any Secured Party to be in breach of any Sanctions or that could reasonably be expected to result in it or its Affiliates or any Secured Party being designated as a Blocked Person.

Section 6.09 No Other Business; Leases .

(a) Borrower shall not, and shall not permit any Subsidiary to: (i) engage in any business other than the acquisition, ownership, leasing, construction, financing, operation and maintenance of the Projects in accordance with and as contemplated by the Transaction Documents and other activities incidental thereto, including the sale of SRECs under the Master SREC Purchase and Sale Agreements or the Fund SREC Transfer Agreements, or (ii) change its name without the consent of the Administrative Agent.

(b) Borrower shall not, and shall not permit any Subsidiary to, enter into any agreement or arrangement to lease the use of any Asset or Project of any kind (including by sale-leaseback, operating leases, capital leases or otherwise), except pursuant to the terms of the Eligible Customer Agreements.

Section 6.10 Portfolio Documents .

(a) The Borrower shall not, and shall not permit any Subsidiary to, materially amend or modify any Portfolio Document, terminate any Portfolio Document, or waive any material breach under, or material breach of, any Portfolio Document, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders) to the extent that any such amendment, modification, termination or waiver could reasonably be expected (x) to have a Material Adverse Effect, (y) to result in a reduction of Cash Available for Debt Service during any Interest Period or (z) to result in the Portfolio Value, calculated immediately after giving effect to such modification to be less than the Portfolio Value, calculated immediately prior to giving effect to such modification; provided , that the Subsidiaries shall be permitted to enter into an agreement to amend or modify the electricity or

lease rate, annual escalator or term of any Exempt Customer Agreement only (such agreement, a " Payment Facilitation Agreement "), so long as such amendment or modification is (A) permitted under the applicable Tax Equity Documents and (B) made in good faith for a commercially reasonable purpose and is intended to maximize the long-term economic value of the Customer Agreement as against its value if the Payment Facilitation Agreement had not been entered into (as reasonably determined by the Sponsor in good faith and in light of the facts and circumstances known at the time of such amendment or modification); provided , further , that, for any Customer Agreement for which the Provider reasonably determines the Customer under such Customer Agreement could reasonably be expected to stop making Rent payments due under the Customer Agreement, the Subsidiaries may enter into a delayed payment plan to adjust the timing of payments under such Customer Agreement for up to twelve (12) months.

(b) Without limitation to Section 6.10(a) , any amendment or modification to a Portfolio Document that:

(i) could change the capital commitments by a Tax Equity Member;

(ii) extend of any final completion deadline or the deployment period for new Projects beyond the date that is six months after the Closing Date;

(iii) would materially limit the services to be provided by, or reduce the standard of care applicable to, the Provider or the Manager;

(iv) would cause the Portfolio Document to be in violation of, or adversely affect the applicable Relevant Party's ability to comply with, any applicable Laws in any material respect (including, without limitation, any violation of, or adverse impact on compliance with, all consumer leasing and protection Laws and all Environmental Laws); or

(v) would include any cash sweeps, put option or other contingent cash diversion provisions in a Tax Equity Document,

shall require the consent of the Administrative Agent (acting on the instructions of the Required Lenders);

(c) The Borrower shall not, and shall not permit any Subsidiary to, enter into any new agreement or contract, other than the Transaction Documents or any contract or agreement incidental or necessary to the operation of its business that do not allocate material risk to any Relevant Party and have a term of less than one year or that has a value over its term not exceeding $100,000, without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders).

(d) The Borrower shall not, and shall not permit any Subsidiary to, assign, novate or otherwise transfer or consent to an assignment, novation or any other transfer of a Project Document other than (i) pursuant to the Collateral Documents, (ii) transfers of an interest in a Fund from a Tax Equity Member to a Guarantor which are permitted in accordance

with clause (d) below and Section 5.08(g) and (iii) assignments of a Customer Agreement to a replacement Customer in accordance with the terms of the Customer Agreement and applicable Law (including consumer leasing and protection Law).

(e) No Guarantor shall exercise any option to purchase the outstanding "class A" membership interests of a Tax Equity Fund or any membership interests held by a Tax Equity Member in such Tax Equity Fund without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders); provided that, such consent shall not be required if the exercise of such option is funded through the Additional Reserve Account or through other funding provided by Sponsor.

Section 6.11 Taxes . The Borrower shall not, and shall not permit any Relevant Party to, take any action or position that would, or could reasonably be expected to, (i) result in a Project being determined to have been Placed in Service prior to the date it was sold or otherwise transferred to the applicable Relevant Party or (ii) result in the loss, disallowance or recapture of all or part of any Grant awarded or ITC claimed, as applicable, with respect to any Project, other than as required by applicable Law or Prudent Industry Practices. The Borrower shall not, and shall not permit any Relevant Party to, claim the ITC for any Project with respect to which a Grant has been awarded or apply for a Grant for any Project with respect to which the ITC has been claimed. The Borrower shall not, and shall not permit any Relevant Party to, cause or permit any Property that is part of a Project to be subject to the alternative depreciation system under Section 168(g) of the Code unless, where applicable, allowing such Property to be subject to the alternative depreciation system would not result in the relevant Flip Point being delayed beyond the Flip Point contemplated in the relevant Tax Equity Fund Model as of the Closing Date. Each party hereto (i) acknowledges that Fund X Project Company has elected application of the alternative depreciation system under Section 168(g) of the Code for all Projects owned by Fund X Project Company Placed in Service in 2015 and (ii) agrees that such election shall not be deemed to be a breach of this Section 6.11.

Section 6.12 Expenditures; Collateral Accounts; Structural Changes .

(a) The Borrower shall not, and shall not permit any Subsidiary to, incur Operating Expenses or otherwise pay the Manager, Provider and Back-Up Servicer in the aggregate amounts in excess of the greater of:

(i) the budgeted amounts shown for Operating Expenses in the applicable Operating Budget for such calendar year; and

(ii) 20% in the aggregate over the amount budgeted for Operating Expenses in the then-current Base Case Model for the applicable calendar year; provided, that such Operating Expenses may exceed 20% in the aggregate over the amount budgeted for Operating Expenses to the extent Sponsor, in its sole discretion, makes a capital contribution for such excess amount,

without the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders and with such consent in respect of the Tax Equity Funds not to be unreasonably withheld or delayed).

(b) The Borrower shall not, and shall not permit any Subsidiary to, acquire or own any material Asset other than the Projects, SRECs, Portfolio Documents, the Membership Interests and the proceeds thereof and, in the case of SREC Guarantor, holding Fund SREC Property for and on behalf of the Funds.

(c) The Borrower shall not maintain, or permit any Relevant Party to maintain, any bank accounts other than (i) the Collateral Accounts maintained by the Borrower and the Guarantors, (ii) the Unpledged SREC Account maintained by SREC Guarantor and (iii) the Fund Accounts.

(d) The Borrower shall not, and shall not permit any Subsidiary to, materially amend, modify or waive, or permit any material amendment, modification or waiver of (i) its organizational documents (except (A) for non-substantive or immaterial changes to organizational documents other than a Limited Liability Company Agreement which, for the avoidance of doubt, shall not include any amendments that relate to corporate powers, corporate separateness or single-purpose entity provisions set forth herein or therein or (B) as may be required by applicable Law, provided , that , any such change required by applicable Law shall be made only with prior notice to and consultation with the Administrative Agent), (ii) its legal form or its capital structure (including the issuance of any options, warrants or other rights with respect thereto) or (iii) change its fiscal year, in each case without the consent of the Administrative Agent.

(e) The Borrower shall not use any proceeds of any Loan except as permitted by applicable Law and for the purposes permitted in Section 2.01 or Section 2.02 .

Section 6.13 SREC Contracts and Transfer Instructions . Without limiting Section 6.10(b) , the Borrower shall not, and shall not permit any Subsidiary to, enter in to any SREC Contract other than a Master SREC Purchase and Sale Agreement or Fund SREC Transfer Agreement.

Section 6.14 Speculative Transactions . The Borrower shall not, and shall cause each Relevant Party not to, engage in any Swap Agreement other than the Master SREC Purchase and Sale Agreements, Fund SREC Transfer Agreements and the Interest Rate Hedging Agreements.

Section 6.15 Voting on Major Decisions . The Borrower shall ensure that no Loan Party exercises its rights, authorities and discretions under any Tax Equity Document to consent to, approve, ratify, vote in favor of, or submit to the Tax Equity Member for such consent, approval, ratification or vote, any matter which requires approval as a Major Decision, other than with the prior written consent of the Administrative Agent (acting on the instructions of the Required Lenders); provided , that , the Borrower shall not be restricted from communicating with any Tax Equity Member in the ordinary course so long as such

communications do not cause a Major Decision to be made without the Administrative Agent's consent.

Section 6.16 Transactions with Affiliates . The Borrower shall not, and shall ensure each Subsidiary shall not, make or cause any payment to, or sell, lease, transfer or otherwise dispose of any of its Assets (other than Excluded Property or Fund SREC Property) to, or purchase any Assets from, or enter into or make, replace, terminate or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, the Sponsor or its Affiliates or any of the Affiliates of the Borrower and each of their respective members and principals (each, an " Affiliate Transaction "), unless the Affiliate Transaction is upon terms and conditions that are intrinsically fair, commercially reasonable and on terms no less favorable to such Relevant Party than those that would be available on an arms-length basis with an unrelated Person (other than (x) Restricted Payments permitted to be made under Section 6.06 and (y) the Transaction Documents in existence as at the Closing Date).

Section 6.17 Limitation on Restricted Payments . Without limiting Section 6.10 , the Borrower shall not, and shall ensure each Subsidiary shall not, enter into any agreement, instrument or other undertaking that (a) restricts the ability of any Subsidiary to make a Restricted Payment (including pursuant to any reallocation of distribution percentages) or (b) restricts or limits the ability of any Loan Party to create, incur, assume or suffer to exist Liens on the Assets or Property of such Person for the benefit of the Secured Parties with respect to the Obligations, except to the extent set out in the Tax Equity Documents as of the Closing Date.

Section 6.18 Tax Partnership Election . Borrower shall not cause Tax Equity Fund to make an election under Section 1101(g)(4) of the Budget Act or any subsequent law or guidance to have the provisions of Section 1101 of the Budget Act apply to such Tax Equity Fund prior to the effective date of Section 1101 of the Budget Act.

ARTICLE VII
SEPARATENESS

Section 7.01 Separateness . The Borrower acknowledges that the Administrative Agent and the Lender Parties are entering into this Agreement in reliance upon each Relevant Party's identity as a legal entity that is separate from any other Person. Therefore, from and after the Closing Date, the Borrower shall take all reasonable steps to maintain each Relevant Party's identity as a separate legal entity from each other Person and to make it manifest to third parties that the Relevant Parties are separate legal entities. Without limiting the generality of the foregoing, the Borrower agrees that it shall, and cause each of the Subsidiaries to:

(a) hold all of its Assets in its own name;

(b) not commingle its Assets with the Assets of any of its members, Affiliates, principals or any other Person;

(c) maintain books, records and agreements as official records and separate from those of the members, principals and Affiliates or any other Person;

(d) maintain its bank accounts separate from the members, principals and Affiliates of any other Person;

(e) not, other than pursuant to the Transaction Documents and as otherwise expressly permitted by Section 6.16 , enter into any Affiliate Transaction;

(f) maintain separate Financial Statements from those of its general partners, members, principals, Affiliates or any other Person; provided , however , that the Relevant Parties financial position, Assets, liabilities, net worth and operating results may be included in the consolidated Financial Statements of Sponsor, provided that (i) appropriate notation shall be made on such consolidated Financial Statements to indicate the separateness of each Relevant Party and the Sponsor, to indicate that the Sponsor and each Relevant Party maintain separate books and records and to indicate that none of the Relevant Parties' Assets and credit are not available to satisfy the debts and other obligations of the Sponsor or any other Person and (ii) such Assets and liabilities shall be listed on each Relevant Party's own separate balance sheet;

(g) promptly correct any known or suspected misunderstanding regarding its separate identity;

(h) not maintain its Assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual Assets from those of any other Person;

(i) not guarantee or become obligated, or hold itself as responsible, for the debts of any other Person, except under the Guaranty and Security Agreement or the Guaranty and Pledge Agreement;

(j) not hold out its credit as being available to satisfy the obligations of any other Person, except under any Guaranty and Security Agreement or the Guaranty and Pledge Agreement;

(k) not make any loans or advances to any third party, including any member, principal or Affiliate of the Borrower, or any member, principal or Affiliate thereof, except as expressly permitted by the Loan Documents;

(l) not pledge its Assets for the benefit of any other Person, except as expressly permitted under the Loan Documents;

(m) not identify itself or hold itself out as a division of any other Person or conduct any business in another name;

(n) maintain adequate capital in light of its current and contemplated business operations;

(o) act solely in its own limited liability company name and not of any other Person, any of its officers or any of their respective Affiliates, and at all times use its own stationery, invoices and checks separate from those of any other Person, any of its officers or any of their respective Affiliates;

(p) not acquire obligations or securities of its members, shareholders or other Affiliates, as applicable, except as expressly permitted under the Loan Documents;

(q) not take any action that knowingly shall cause any Relevant Party to become insolvent;

(r) keep minutes of the actions of the member of any Relevant Party and observe all limited liability company and other organizational formalities;

(s) cause its members, managers, directors, officers, agents and other representatives to act at all times with respect to each Relevant Party consistently and in furtherance of the foregoing and in the best interests of each Relevant Party;

(t) pay its own liabilities and expenses (including, as applicable, shared personnel and overhead expenses) only out of its own funds; or

(u) at all times maintain an independent member of Borrower and Pledgor (as the term "independent member" is defined in the applicable limited liability company agreement of the Borrower or Pledgor, as applicable).

ARTICLE VIII
CONDITIONS PRECEDENT

Section 8.01 Conditions of Initial Borrowing . The Closing Date shall occur on the date that each of the following conditions precedent have been satisfied or waived in writing by the Administrative Agent (acting on the instructions of all Lenders and the Issuing Bank):

(a) Closing Date Deliverables . The Administrative Agent's receipt of the following, each of which shall be originals or executed electronic copies (followed promptly by originals) unless otherwise specified, each properly executed by an Authorized Officer of the Borrower, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date):

(i) Borrowing Notice . A Borrowing Notice in accordance with the requirements of Section 2.01 .

(ii) Notice of LC Activity . A Notice of LC Activity in accordance with the requirements of Section 2.02 together with completed LC Application duly executed by the Borrower for the benefit of the Administrative Agent and submitted to the Issuing Bank (together with such other LC Documents applicable thereto) with a copy to the Administrative Agent.

(iii) Loan Documents. Executed counterparts of:

(A) this Agreement, together with all Exhibits and Schedules thereto, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrower;

(B) the Cash Diversion Guaranty

(C) the Collateral Agency Agreement;

(D) the Depository Agreement;

(E) a Note executed by the Borrower in favor of each Lender requesting a Note;

(F) the Tax Equity Consents;

(G) the SREC Consents;

(H) the Management Consent Agreement;

(I) the Closing Date Assignment Agreements; and

(J) all other Loan Documents to be delivered as of the Closing Date.

(iv) Portfolio Documents. Fully executed copies of all Portfolio Documents (which may be provided electronically on a USB flash drive), accompanied by an Officer's Certificate certifying:

(A) that each such copy provided to the Administrative Agent is a true, correct and complete copy of such document (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters);

(B) each such Portfolio Document (1) has been duly executed and delivered by the Sponsor and Relevant Party party thereto and, to the Knowledge of the Sponsor and the Relevant Parties, the other parties thereto, (2) is in full force and effect and is enforceable against the Sponsor and Relevant Party party thereto and, to the Knowledge of the Sponsor and the Relevant Parties, each other party thereto as of such date;

(C) neither the Sponsor nor any Relevant Party party thereto nor, to the Knowledge of the Sponsor, Borrower and each Subsidiary, any other party to such Portfolio Document is or, but for the passage of time or giving of notice or both, will be in breach of any material obligation under a Portfolio Document, except as could not reasonably be expected to have a Material Adverse Effect;

(D) no Portfolio Document has an event of force majeure existing thereunder except solely with respect to the Project Documents, where such event of force majeure (itself or when coupled with other events of force majeure under such Project Documents) could not reasonably be expected to have a Material Adverse Effect;

(E) to the Knowledge of the Sponsor and the Relevant Parties, the warranties for all equipment comprising, and used in the installation of, the Projects is in full force and effect, except as could not reasonably be expected to have a Material Adverse Effect;

(F) to the Knowledge of the Sponsor and the Relevant Parties, no condemnation is pending or threatened, and no unrepaired casualty exists, with respect to any of the Projects in the Project Pool, except as could not reasonably be expected to have a Material Adverse Effect; and

(G) all conditions precedent to the effectiveness of such Portfolio Documents have been satisfied or waived in writing.

(v) Collateral Documents . Executed counterparts of the Pledge Agreement, the Pledge and Security Agreement, the Guaranty and Pledge Agreement and the SREC Security Agreement, in each case, duly executed by the applicable Loan Parties and SREC Seller Parties, together with:

(A) Membership Interest Certificates . Certificates representing the pledged equity referred to therein (in the form required by the applicable limited liability company agreement) accompanied by undated stock powers executed in blank and instruments evidencing any pledged debt indorsed in blank;

(B) Financing Statements . Proper Financing Statements in form appropriate for filing under the applicable Uniform Commercial Code in order to perfect the Liens created under the Collateral Documents (covering the Collateral described therein);

(C) Perfection . Evidence that all other action that the Administrative Agent may deem necessary or desirable in order to perfect the Liens created under the Collateral Documents has been taken or will be taken on the Closing Date such that such Liens shall each constitute a first priority security interest; and

(D) Recent Lien Search . The results of a recent lien search in each of the jurisdictions in which UCC financing statement or other filings or recordations should be made to evidence or perfect security interests in all Assets of the Borrower, the Relevant Parties and the SREC Seller Parties and such search shall reveal no Liens on any of the Assets of the Borrower, the Relevant Parties, the SREC Seller Parties or otherwise on the Collateral, other than Permitted Liens;

(vi) Financial Statements . To the extent not publically available, copies of the (i) audited Financial Statements of Sponsor for the most recently-completed fiscal year and (ii) audited Financial Statements of each Fund (except the Financial Statements for Vivint Solar Fund XII Project Company, LLC may be unaudited) for the most recently-completed fiscal period, in each case accompanied by an officer's certificate of the Borrower certifying that such copies are correct and complete and that such statements have been prepared in accordance with GAAP.

(vii) Organizational Documents . A copy of the certificate of formation, limited liability company agreement, operating agreement or other organizational documents of each Relevant Party, the SREC Seller Parties and the Sponsor, together with such amendments to the organizational documents of the Loan Parties and SREC Seller Parties as required by the Administrative Agent, certified by the secretary of such Person as being true, correct and complete copy of such document (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters).

(viii) Resolutions and Incumbency Certificates . Such certificates of resolutions or other action, incumbency certificates and/or other certificates of Authorized Officers of the Relevant Parties, the SREC Seller Parties and the Sponsor as the Administrative Agent may require authorizing, as applicable, the Loans and the guarantees given by the Loan Parties, the granting of the Liens under the Collateral Documents and the execution delivery and performance of this Agreement and the other Transaction Documents and evidencing the identity, authority and capacity of each Authorized Officer thereof authorized to act as an Authorized Officer in connection with this Agreement and the other Loan Documents to which the Sponsor, any SREC Seller Party or any Relevant Party is a party or is to be a party, in each case, certified by the secretary of such Person.

(ix) Secretary's Certificates . Such documents and certifications as the Administrative Agent may reasonably require to evidence that each Relevant Party, each SREC Seller Party and the Sponsor is duly formed, validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of Properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect .

(x) Legal Opinions . Favorable opinions of counsel to the Relevant Parties, the SREC Seller Parties and the Sponsor in relation to the Loan Documents, each Back-Up Servicing Agreement and the Management Agreement, addressed to the Administrative Agent and each Secured Party from Wilson Sonsini Goodrich & Rosati P.C., counsel for the Relevant Parties, each SREC Seller Party and the Sponsor, including opinions regarding the attachment, perfection of security interests in Collateral and corporate matters (including, without limitation, enforceability, no consents, no conflicts with the Limited Liability Company Agreements, Master Lease Agreements and certain financing documents and Investment Company Act matters);

(xi) Officer's Certificate . An Officer's Certificate:

(A) either (1) attaching copies of all consents, licenses and approvals required from any third party (including the Tax Equity Member) or Governmental Authority in connection with the Loans and the guarantees given by the Loan Parties, the granting of the Liens under the Collateral Documents, the consummation of the Closing Date Assignments and the execution delivery and performance of this Agreement and the other Transaction Documents and the validity against the Sponsor and each Relevant Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect and not subject to appeal, or (2) certifying that no such consents, licenses or approvals are so required;

(B) certifying that the conditions specified in Sections 8.01(j) , (k) , (l) , (m) , (n), (q) , (r) and (t) and have been satisfied;

(C) certifying that the Borrower and the Subsidiaries are solvent;

(D) certifying that there has been no event or circumstance since December 31, 2015 that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; and

(E) certifying as to such other matters as the Administrative Agent shall reasonably request.

(xii) Warranties . Evidence satisfactory to the Administrative Agent that all warranties relating to the Projects in the Project Pool inure to the benefit of, and are enforceable by, the relevant Subsidiary.

(xiii) Funds Flow Memorandum . The Closing Date Funds Flow Memorandum outlining the use of the Loans which shall be in compliance with Section 2.01(c) , including reflecting the deposit of the Escrowed Amount into the Proceeds Escrow Account.

(xiv) Tax Equity Fund Models . The then-current Tax Equity Fund Model for each Fund, as last approved by the applicable Tax Equity Member.

(b) Base Case Model and Model Auditor Report . The Administrative Agent has received the Base Case Model, demonstrating compliance with the Debt Sizing Parameters and Portfolio Concentration Limits (including a modified case of the Base Case Model demonstrating the Closing Date Available Amount and the Escrowed Amount, after exclusion of Incomplete Project Revenues), and a report from the Model Auditor in respect of the Tax Equity Fund Models in form and substance satisfactory to the Administrative Agent addressed to the Administrative Agent and the Lenders.

(c) Initial Operating Budget . Each Lender Party has received the initial Operating Budget required pursuant to Section 5.01(f)(i) and a construction schedule in respect of Incomplete Projects.

(d) KYC . The Lender Parties have received all documentation and other information required by regulatory authorities under the applicable "know your customer" and Anti-Money Laundering Laws, including the PATRIOT Act, in form and substance satisfactory to the Joint Lead Arrangers.

(e) Fees and Expenses .

(i) All fees and expenses (including attorney's fees and disbursements) required to be paid to the Agents and the Depository Agent on or before the Closing Date, shall have been paid or shall be, contemporaneously with the Closing, paid.

(ii) All fees required to be paid to the Lenders and the Joint Lead Arrangers on or before the Closing Date pursuant to the Fee Letters, shall have been paid or shall be, contemporaneously with the Closing, paid.

(iii) All Additional Expenses due and payable as of the Closing Date shall have been paid in full by the Borrower.

(iv) All other costs and expenses required to be paid pursuant to Section 3.07 for which evidence has been presented (including third-party fees and out-of-pocket expenses of lenders' counsel, the Insurance Consultant, Independent Engineer, Model Auditor and other advisors or consultants retained by the Administrative Agent) shall have been paid in full by the Borrower on or before the Closing Date.

(v) The payment of all fees, costs and expenses to be paid on the Closing Date will be reflected in the Closing Date Funds Flow Memorandum and funding instructions given by the Borrower to the Administrative Agent and the Depository Agent prior to the Closing Date.

(f) Collateral Accounts. The Administrative Agent shall have received satisfactory evidence that the Borrower has established the Collateral Accounts and, except to the extent to be funded with a Letter of Credit on the Closing Date, has deposited, or shall contemporaneously with the Closing deposit, into the Debt Service Reserve Account the Debt Service Reserve Required Amount and, to the extent applicable, each other Reserve Account is fully funded in the required amounts in accordance with the Depository Agreement. To the extent applicable, the funding of the Debt Service Reserve Account and the other Reserve Accounts will be reflected in the Closing Date Funds Flow Memorandum and funding instructions given by the Borrower to the Administrative Agent and the Depository Agent prior to the Closing Date.

(g) Technical Report. The Administrative Agent shall have received technical report prepared by the Independent Engineer and addressed to the Administrative Agent and the Lenders.

(h) Insurance. The Administrative Agent shall have received (i) an insurance report from the Insurance Consultant addressed to the Administrative Agent and the Lenders, including an opinion as to the adequacy of the insurance maintained by the Borrower and (ii) an insurance certificate from the Borrower's insurance broker identifying the underwriters, types of insurance, applicable insurance limits and policy terms consistent with such insurance report and evidence, including customary insurance certificates, that all insurance required to be obtained and maintained pursuant to the Loan Documents has been obtained and all premiums thereon have been paid in full, in each case in form and substance satisfactory to the Administrative Agent.

(i) Reliance on Consultant Reports. The Administrative Agent and the Lenders shall have received customary reliance letters, duly executed by the Independent Engineer, the Model Auditor and the Insurance Consultant allowing the Administrative Agent and the Lenders to rely on the underlying reports prepared by such consultants.

(j) Representations and Warranties . The representations and warranties of the Sponsor and the Relevant Parties contained in ARTICLE IV or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(k) No Action by Governmental Authority . No action or proceeding has been instituted or threatened in writing by any Governmental Authority against the Sponsor or any Relevant Party that seeks to impair, restrain prohibit or invalidate the transactions contemplated by this Agreement and the other Loan Documents or regarding the effectiveness or validity of any required Permits.

(l) No Default or Event of Default . No Default or Event of Default shall exist, or would result from the borrowing or from the application of the proceeds thereof.

(m) Eligible Project Representations . The representations and warranties in Section 4.22 regarding Eligible Projects are true and correct for all Projects shown to generate Eligible Revenues under the Base Case Model delivered pursuant to Section 8.01(b) .

(n) Cash Available for Debt Service . The Cash Available for Debt Service included under the Base Case Model from the Project Pool does not include any Operating Revenues other than Eligible Revenues and Incomplete Project Revenues, includes Operating Expenses from all Projects in the Project Pool and takes into account the impact on Operating Revenues and Operating Expenses from each waiver to eligibility requirements, portfolio criteria or otherwise as provided by a Tax Equity Member. Taking into account all Projects owned by the applicable Fund and proposed to be included in the Collateral as of such date: (i) each of the fund constraints and limitations set forth in the related Master Purchase Agreement has been satisfied, (ii) any minimum systems in service requirement set forth in such Master Purchase Agreement shall have been achieved, and (iii) each Project met the sale conditions and eligibility representations at the time of sale pursuant to such Master Purchase Agreement or such requirements referenced in clauses (i) , (ii) and/or (iii) were waived or amended and a copy of any such waiver or amendment has been provided to the Administrative Agent.

(o) Discharge of Aggregation Facility Indebtedness . Prior to or, pursuant to a closing protocol acceptable to the Administrative Agent, contemporaneously with the occurrence of the Closing Date, the Relevant Parties shall have delivered to the Administrative Agent evidence to its satisfaction that the Indebtedness of the Relevant Parties under the Aggregation Facility has been discharged and all documents or instruments necessary to release all Liens on the Collateral securing, and any guarantee of the Relevant Parties in respect of, the Indebtedness under the Aggregation Facility on the Closing Date (including receipt of duly executed payoff letters, UCC-3 termination statements and consent agreements).

(p) Discharge of Subordinated Holdco Facility Indebtedness . Prior to or, pursuant to a closing protocol acceptable to the Administrative Agent, contemporaneously with the occurrence of the Closing Date, the Relevant Parties shall have delivered to the Administrative Agent evidence to its satisfaction that the Indebtedness of the Relevant Parties under the Subordinated Holdco Facility has been discharged and all documents or instruments necessary to release all Liens on the Collateral securing, and any guarantee of the Relevant Parties in respect of, the Indebtedness under the Subordinated Holdco Facility on the Closing Date (including receipt of notices and UCC-3 termination statements).

(q) Managing Member . No Guarantor shall have been removed as managing member under the Limited Liability Company Agreement for any Fund or as manager of any Inverted Lease Tenant, nor shall have any Guarantor given or received written notice of an action, claim or threat of such removal.

(r) Closing Date Assignments . Prior to or, pursuant to a closing protocol acceptable to the Administrative Agent, contemporaneously with the occurrence of the Closing Date:

(i) all conditions to the consummation of the Closing Date Assignments set forth in the Closing Date Assignment Agreements shall have been satisfied or the fulfillment of any such conditions shall have been waived with the consent of Administrative Agent such that the Closing Date Assignments shall become effective in accordance with the terms of the Closing Date Assignment Agreements;

(ii) the Closing Date Assignment Agreements shall be in full force and effect and no provision thereof shall have been modified or waived, in each case without the consent of Administrative Agent.

(s) NYGB Conditions Precedent . NY Green Bank shall have confirmed that each of the conditions precedent under the NY Green Bank Loan Agreement have been satisfied or waived.

(t) SREC Transactions . Each of the SREC Financing Master PSA, SREC Aggregator Master PSA and the Fund SREC Transfer Agreements shall have been duly executed in form and substance satisfactory to the Administrative Agent, UCC-1s shall have been filed in favor of the SREC Guarantor in respect of the assignment of receivables under the SREC Financing Master PSA and the SREC Aggregator Master PSA and a UCC-3 shall have been filed in favor of the Collateral Agent in respect of the SREC Guarantor's right to receivables under the SREC Financing Master PSA.

Section 8.02 Conditions to the Disbursement from the Proceeds Escrow Account . The Disbursement of the Disbursement Amount from the Proceeds Escrow Account pursuant to Section 4.02(g) of the Depository Agreement is subject to satisfaction of the

conditions precedent in Section 8.02 in form and substance reasonably satisfactory to the Administrative Agent (acting on the instructions of all Lenders):

(a) Closing Date . The Closing Date shall have occurred.

(b) Disbursement Notice . The Borrower shall have delivered a Disbursement Notice in accordance with the requirements of Section 4.02(g) of the Depository Agreement.

(c) Disbursement Deliverables . The Administrative Agent's receipt of the following, each of which shall be originals or electronic copies (followed promptly by originals to the extent extant) unless otherwise specified, each properly executed by an Authorized Officer of the signing Borrower, each dated as of the date of such Disbursement (or, in the case of certificates of governmental officials, a recent date before such date of Disbursement):

(i) Warranties . Evidence satisfactory to the Administrative Agent that all warranties relating to the Projects in the Project Pool inure to the benefit of, and are enforceable by, the relevant Subsidiary;

(ii) Officer's Certificate. A certificate signed by an Authorized Officer of the Borrower certifying (A) that the conditions specified in Sections 8.02(d) , 8.02(e) , 8.02(f) , 8.02(g) , 8.02(h) , 8.02(k) , 8.02(l) , and 8.02(m) have been satisfied and (B) that there has been no event or circumstance since the Closing Date that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(iii) Portfolio Documents . An Officer's Certificate attaching (which may done electronically by an attached USB flash drive) fully executed copies of all Portfolio Documents entered into in connection with the Project Pool to the extent not provided as of the Closing Date, together with updated Project Information relating to each Eligible Project in the Project Pool to the extent of any update since the Closing Date, and certifying that:

(A) each Portfolio Document provided to the Administrative Agent is a true, correct and complete copy of such document (and includes all schedules, exhibits, attachments, supplements and amendments thereto and any related protocols or side letters);

(B) each Portfolio Document (1) has been duly executed and delivered by the Sponsor and Relevant Parties party thereto, as applicable, and, to the Knowledge of the Sponsor and Relevant Parties, the other parties thereto, (2) is in full force and effect and is enforceable against the Sponsor and Relevant Party party thereto and, to the Knowledge of the Sponsor and Relevant Parties, each other party thereto as of such date;

(C) neither the Sponsor nor Relevant Party party thereto nor, to the Knowledge of the Sponsor and the Relevant Parties, any other

party to such Portfolio Document is or, but for the passage of time or giving of notice or both, will be in breach of any material obligation under a Portfolio Document, except as could not reasonably be expected to have a Material Adverse Effect;

(D) no Portfolio Document has an event of force majeure existing thereunder except solely with respect to the Project Documents, where such event of force majeure (itself or when coupled with other events of force majeure under such Project Documents) could not reasonably be expected to have a Material Adverse Effect;

(E) to the Knowledge of the Sponsor and Relevant Parties, the warranties for all equipment comprising, and used in the installation of, the Projects is in full force and effect, except as could not reasonably be expected to have a Material Adverse Effect;

(F) to the Knowledge of the Sponsor and the Relevant Parties, no condemnation is pending or threatened, and no unrepaired casualty exists, with respect to any of the Projects in the Project Pool, except as could not reasonably be expected to have a Material Adverse Effect; and

(G) all conditions precedent to the effectiveness of such Portfolio Documents have been satisfied or waived in writing; and

(H) Tax Equity Fund Models . The then-current Tax Equity Fund Model for each Fund, as last approved by the applicable Tax Equity Member;

(d) Representations and Warranties . The representations and warranties of the Relevant Parties and the Sponsor contained in ARTICLE IV or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Disbursement Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of such earlier date.

(e) No Action by Governmental Authority . No action or proceeding has been instituted or threatened in writing by any Governmental Authority against the Sponsor or any Relevant Party that seeks to impair, restrain prohibit or invalidate the transactions contemplated by this Agreement and the other Loan Documents or regarding the effectiveness or validity of any required Permits.

(f) No Default or Event of Default . No Default or Event of Default shall exist, or would result from the Disbursement or from the application of the proceeds thereof.

(g) Cash Available for Debt Service . The Cash Available for Debt Service included under the Base Case Model from the Project Pool does not include any Operating Revenues other than Eligible Revenues (and, to the extent applicable, Incomplete Project Revenues in respect of Incomplete Projects for which no Disbursement Amount is being funded), includes Operating Expenses from all Eligible Projects in the Project Pool and takes into account the impact on Operating Revenues and Operating Expenses from each waiver to eligibility requirements, portfolio criteria or otherwise as provided by a Tax Equity Member. Taking into account all Projects owned by the applicable Fund and included in the Collateral as of such date: (i) each of the fund constraints and limitations set forth in the related Master Purchase Agreement, (ii) any minimum systems in service requirement set forth in such Master Purchase Agreement shall have been achieved, and (iii) each Project met the sale conditions and eligibility representations at the time of sale pursuant to such Master Purchase Agreement or such requirements referenced in clauses (i) , (ii) and/or (iii) were waived or amended and a copy of any such waiver or amendment has been provided to the Administrative Agent .

(h) Eligible Project Representations . The representations and warranties in Section 4.22 regarding Eligible Projects are true and correct for all Projects that were Incomplete Projects under the Base Case Model and in respect of which the Disbursement Amount is being funded.

(i) Funding of Reserves . Except to the extent funded with a Letter of Credit or an Acceptable DSR Guarantee, the Debt Service Reserve Account is fully funded with the Debt Service Reserve Required Amount as of such date and each other Reserve Account is fully funded in the required amounts in accordance with the Depository Agreement.

(j) Additional Expenses . All Additional Expenses due and payable as of such date and all other costs and expenses required to be paid per Section 3.07 for which evidence has been presented (including third-party fees and out-of-pocket expenses of lenders' counsel, the Insurance Consultant, Independent Engineer, Model Auditor and other advisors or consultants retained by the Administrative Agent) shall have been paid in full by the Borrower on or before the Disbursement Date. The payment of all fees, costs and expenses to be paid on the Disbursement Date will be reflected in the Transfer Date Certificate and funding instructions given by the Borrower to the Administrative Agent and the Depository Agent prior to the Disbursement Date.

(k) Managing Member . No Guarantor shall have been removed as managing member under the Limited Liability Company Agreement for any Fund or as manager of any Inverted Lease Tenant, nor has any Guarantor given or received written notice of an action, claim or threat of such removal .

(l) Required Equity Contribution . Any outstanding true-up (or similar) payment due and payable by a Relevant Party or the Sponsor, and any amounts due and payable by the Sponsor under the Cash Diversion Guaranty, shall have been paid in full.

(m) No Distribution Trap . No Distribution Trap shall have occurred and be continuing.

(n) Hedging . The Borrower shall have entered into the Secured Interest Rate Hedging Agreements.

Section 8.03 Conditions of Letter of Credit Issuance . The obligation of the Issuing Bank to issue, extend or increase the Stated Amount of the Letter of Credit under Section 2.02 is subject to satisfaction of the following conditions precedent each in form and substance reasonably satisfactory to the Administrative Agent (acting on the instructions of the Issuing Bank and all the LC Lenders):

(a) The conditions precedent under Section 8.01 shall have been satisfied or waived and Borrower shall have delivered a Notice of LC Activity in accordance with the requirements of Section 2.02 .

(b) The Administrative Agent and the Issuing Bank shall have received a certificate signed by an Authorized Officer of the Borrower certifying that the conditions specified in Sections 8.03(c) and 8.03(d) have been satisfied, which shall be an original or an electronic copy (followed promptly by originals to the extent extant) unless otherwise specified, each properly executed by an Authorized Officer of the signing Borrower, each dated as of the date of such issuance, extension or increase.

(c) During the Disbursement Period, the representations and warranties of the Borrower, each other Loan Party, SREC Seller Party and Provider contained in ARTICLE IV or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of such issuance, extension or increase, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date.

(d) No Default or Event of Default shall exist, or would result from the issuance, extension or increase.

ARTICLE IX
EVENTS OF DEFAULT; REMEDIES

Section 9.01 Events of Default . Any of the following shall constitute an event of default (" Event of Default ") hereunder:

(a) Principal and Interest . Failure of a Loan Party to pay in accordance with the terms of this Agreement, (i) any interest on any Loan within three (3) Business Days after the date such sum is due, (ii) any principal with respect to any Loan when such sum is due, or (iii) any other fee, cost, charge or other sum due under this Agreement or any other Loan Document within five (5) Business Days after the date such sum is due;

(b) Misstatements . Any (i) representation or warranty made by the Sponsor or the Relevant Parties in the Loan Documents, or any Financial Statement furnished pursuant thereto, or (ii) certificate or any Financial Statement made or prepared by, under the control of or on behalf of the Sponsor or the Relevant Parties and furnished to the Administrative Agent or any Lender pursuant to this Agreement or any other Loan Document (including, without limitation, in a certificate of an Authorized Officer of the Sponsor or Relevant Party delivered pursuant to the Loan Documents) shall prove to have been untrue or misleading in any material respect as of the date made; provided , however , that if any such misstatement is capable of being remedied and has not caused a Material Adverse Effect, the Borrower may correct such misstatement by curing such misstatement (or the effect thereof) and delivering a written correction of such misstatement to the Administrative Agent, in the form and substance satisfactory to the Administrative Agent, within thirty (30) days of (x) obtaining Knowledge of such misstatement or (y) receipt by the Borrower of written notice from the Administrative Agent of such default;

(c) Automatic Defaults . Any default by any Relevant Party in the observance and performance of or compliance with Section 5.02 , Section 5.05 , Section 5.11 , 0 , Section 5.25, ARTICLE VI and Section 9.03 . Any failure by the Sponsor to pay any amount due and payable under the Cash Diversion Guaranty.

(d) Other Defaults . Any default by any of the Sponsor, any SREC Seller Party, the Borrower or any Relevant Party in the observance and performance of or compliance with any other covenant or agreement contained in this Agreement or any other Loan Document, a Services Agreement, an Eligible SREC Contract, any Master SREC Purchase and Sale Agreement, a Back-Up Servicing Agreement or the Management Agreement (other than as provided in paragraphs (a) through (c) of this Section 9.01), which default shall continue unremedied for a period of (i) 10 days with respect to a breach of Section 5.13 and (ii) 30 days for any other covenant to be performed or observed by it under this Agreement, any other Loan Document or such other document and not otherwise specifically provided for elsewhere in this ARTICLE IX , in each case, after the earlier of (A) receipt by the Borrower of written notice from the Administrative Agent of such default or (B) obtaining Knowledge of any such default; provided that the thirty (30) day period referred to in clause (ii) above may be extended by an additional forty-five (45) days, in the event that such default has not been cured within the initial thirty (30) day period, such default remains reasonably capable of being cured within the

additional forty-five (45) day period, no Material Adverse Effect has resulted from such default and Borrower continues to diligently pursue cure of such default.

(e) Involuntary Bankruptcy; Appointment of Receiver, etc . (i) A court enters a decree or order for relief with respect to Sponsor, any SREC Seller Party or any Relevant Party in an Involuntary Bankruptcy, which decree or order is not stayed or other similar relief is not granted under any applicable federal or state Law; (ii) the occurrence and continuation of any of the following events for sixty (60) days unless dismissed or discharged within such time: (A) an involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, is commenced, in which the Sponsor, any SREC Seller Party or any Relevant Party is a debtor or any portion of the Collateral or any Membership Interest is property of the estate therein, (B) a decree or order of a court for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Sponsor, any SREC Seller Party or any Relevant Party, over all or a substantial part of its Property, is entered, (C) an interim receiver, trustee or other custodian is appointed without the consent of Sponsor, any SREC Seller Party or any Relevant Party for all or a substantial part of the Property of such Person or (D) a warrant of attachment, execution or similar process shall have been issued against any substantial part of the Property of the Sponsor, any SREC Seller Party or any Relevant Party;

(f) Voluntary Bankruptcy; Appointment of Receiver, etc . (i) An order for relief is entered with respect to Sponsor, any SREC Seller Party or any Relevant Party, or Sponsor, any SREC Seller Party or any Relevant Party commences a voluntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar Law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case or to the conversion of an involuntary case to a voluntary case under any such Law or consents to the appointment of or taking possession by a receiver, trustee or other custodian for Sponsor, any SREC Seller Party or any Relevant Party, for all or a substantial part of the Property of Sponsor, any SREC Seller Party or any Relevant Party; (ii) Sponsor, any SREC Seller Party or any Relevant Party makes any assignment for the benefit of creditors; (iii) Sponsor, any SREC Seller Party or any Relevant Party shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due or (iv) the board of directors or other governing body of Sponsor, any SREC Seller Party or any Relevant Party adopts any resolution or otherwise authorizes action to approve any of the actions referred to in this Section 9.01(f) ;

(g) Material Judgment . Any final money judgment, writ or warrant of attachment or similar process involving, individually or in aggregate at any time, an amount in excess of $1,000,000 (to the extent not adequately covered by insurance as to which a solvent, reputable and Independent insurance company, which at least meets the Credit Requirements, has acknowledged coverage in writing to the Borrower and such acknowledgment is provided to the Administrative Agent) shall be entered or filed against the Borrower or any of the other Relevant Parties or any of their respective Assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days (or in any event later than five (5) days prior to the date of any proposed sale thereunder).

(h) Impairment of Loan Documents . At any time after the execution and delivery thereof, (i) this Agreement or any other Loan Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or on the Debt Termination Date) or shall be declared null and void, or the Administrative Agent or any Lender shall not have or shall cease to have a valid and perfected Lien in any Collateral or the Membership Interests purported to be covered by the Loan Documents with the priority required by the relevant Loan Document or (ii) the Borrower, Sponsor, any SREC Seller Party or any Relevant Party thereto shall contest the validity or enforceability of any Loan Document in writing or deny in writing that it has any further liability, including with respect to future advances by any Lender, under any Loan Document to which it is a party.

(i) ERISA . The Borrower, any Loan Party or SREC Seller Party or, except as would not result in a Material Adverse Effect, any of their respective ERISA Affiliates establishes any Employee Benefit Plan or Multiemployer Plan, or commences making contributions to (or becomes obligated to make contributions to) any Employee Benefit Plan or Multiemployer Plan.

(j) Change of Control . Any Change of Control shall have occurred.

(k) Removal of Managing Member; Operation and Maintenance .

(i) Any Guarantor shall have been removed as the "managing member" of any Fund. The receipt of any written notice of removal from the Tax Equity Member shall be a "Default" for all purposes hereunder until rescinded in writing by such Tax Equity Member and such event shall mature into an "Event of Default" if the Guarantor default that is the subject of such written notice is not cured within the applicable period prior to effectiveness of removal provided under the Limited Liability Company Agreement, which has not been stayed or extended.

(ii) The Provider shall have been removed as the "Provider" under any Services Agreement. The receipt of any written notice of removal from any Tax Equity Fund shall be a "Default" for all purposes hereunder until rescinded in writing by such Tax Equity Fund and such event shall mature into an "Event of Default" if the Provider default that is the subject of such written notice is not cured within the applicable period prior to effectiveness of removal provided under the applicable Services Agreement.

(l) Abandonment of Servicing . (i) The transition to a successor Provider to perform the System Services, is not complete within the 120 days from the date such successor Provider is appointed (or such shorter timeframe for the transition as specified in Section 3 of the applicable Back-Up Servicing Agreement Addendum), (ii) the transition to a successor Manager under the Management Agreement is not complete within thirty (30) days after termination of the Manager, (iii) a replaced Provider or Manager fails to comply with its transition requirements under a Back-Up Servicing Agreement or Management Agreement, as

applicable or (iv) a Services Agreement is not renewed on its expiry date in accordance with its terms or otherwise in a form and substance acceptable to the Administrative Agent (acting on the instructions of the Required Lenders).

(m) SREC Contract Events of Default . Any "Event of Default" (or any equivalent term howsoever described) shall have occurred under an Eligible SREC Contract in respect of a SREC Seller Party.

Section 9.02 Acceleration and Remedies .

(a) Upon the occurrence and during the continuance of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Administrative Agent shall, at the request of the Required Lenders, take any or all of the following actions, at the same or different times: (i) terminate any outstanding Commitments, and thereupon any such outstanding Commitments shall terminate immediately; (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, and the Borrower shall Cash Collateralize the LC Exposure; and (iii) make a demand on any Acceptable DSR Letter of Credit provided with respect to the Debt Service Reserve Account, in each case, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any Event of Default described in Section 9.01(e) or (f) in respect of any Loan Party or SREC Seller Party, any outstanding Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower, shall automatically become due and payable, and the Cash Collateralization of the LC Exposure shall automatically be required, in each case, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Upon the occurrence and during the continuance of any Event of Default, in addition to the exercise of remedies set forth in clauses (i) , (ii) and (iii) above, each Secured Party shall be, subject to the terms of the Collateral Agency Agreement, entitled to exercise the rights and remedies available to such Secured Party under and in accordance with the provisions of the other Loan Documents to which it is a party or any applicable Law.

(b) Upon the occurrence and during the continuation of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Administrative Agent against the Borrower under this Agreement or any of the other Loan Documents, or at Law or in equity, may be exercised by the Administrative Agent (acting on the instructions of the Required Lenders) at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not the Administrative Agent shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral and the proceeds from any of the foregoing. Any such actions taken by the Administrative Agent shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Administrative Agent may determine in its

sole discretion, to the fullest extent permitted by Law, without impairing or otherwise affecting the other rights and remedies of the Administrative Agent permitted by Law, equity or contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) to the fullest extent permitted by Law, the Administrative Agent shall not be subject to any "one action" or "election of remedies" Law or rule, and (ii) all liens and other rights, remedies or privileges provided to the Administrative Agent shall remain in full force and effect until the Administrative Agent has exhausted all of its remedies against the Collateral and the proceeds from any of the foregoing or the Obligations have been paid in full.

(c) The rights and remedies set forth in this Section 9.02 are in addition to, and not in limitation of, any other right or remedy provided for in this Agreement or any other Loan Document.

(d) Anything herein to the contrary notwithstanding, if and for so long as a Lender is a Tax Exempt Person, such Lender shall not succeed to the rights of any Guarantor or the Borrower as a direct or indirect owner of any Tax Equity Fund, a Wholly-Owned Fund, or an assignee of any such Person, until after the Recapture Period for the last Project Placed in Service with respect to the Person(s) of which the Lender would become a direct or indirect owner, regardless whether or not exists an Event of Default.

Section 9.03 Cure Rights . The Administrative Agent and the Lenders acknowledge and agree that to prevent the occurrence of an Event of Default pursuant to Section 9.01(a) , Sponsor shall have the right, but not the obligation, to contribute or loan funds to the Borrower which shall be deposited into the Collections Account, provided that, unless the Administrative Agent otherwise consents, the deposit of funds by the Sponsor more than two (2) times in any period of eight (8) consecutive fiscal quarters shall be an "Event of Default". For the avoidance of doubt, any payment made by Sponsor pursuant to the Cash Diversion Guaranty, Section 3.02 , Section 3.03(b) , Section 3.03(c) , Section 3.03(d) or Section 6.10(e) is expressly permitted by the terms of this Agreement and does not constitute a cure for purposes of this Agreement.

ARTICLE X
ADMINISTRATIVE AGENT

Section 10.01 Appointment and Authority
. Each of the Lenders hereby irrevocably appoints Investec Bank plc to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Lender Parties and no Relevant Party nor the Sponsor shall have rights of a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "Administrative Agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term

is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 10.02 Rights as a Lender . The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Relevant Party or their Affiliates as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 10.03 Exculpatory Provisions . The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.03 and 9.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (A) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (B) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (D) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (E) the satisfaction of any condition set forth in ARTICLE VIII or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 10.04 Reliance by Administrative Agent . The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, which by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 10.05 Delegation of Duties . The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub Administrative Agents appointed by the Administrative Agent. The Administrative Agent and any such sub Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this ARTICLE X shall apply to any such sub Administrative Agent and to the Related Parties of the Administrative Agent and any such sub Administrative Agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-Administrative Agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-Administrative Agents.

Section 10.06 Resignation of Administrative Agent .

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Depository Agent, and the Borrower. The Required Lenders shall be permitted to give notice of removal of the Administrative Agent at any time at which the

Administrative Agent becomes a Defaulting Lender. Upon receipt of any such notice of resignation or removal, the Required Lenders shall have the right, with the consent of the Borrower (not to be unreasonably withheld or delayed), unless a Default or an Event of Default shall have occurred and is continuing, in which case the consent of the Borrower shall not be required, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. The Administrative Agent's resignation or removal shall become effective on the earliest (such date, the " Resignation Effective Date ") of (i) 30 days after delivery of notice of resignation or removal (regardless of whether a successor Administrative Agent has been appointed or not), (ii) the acceptance of such successor Administrative Agent by the Required Lenders and, if applicable, the Borrower or (iii) such other date, if any, agreed to by the Required Lenders and the retiring Administrative Agent. If the Administrative Agent or the Required Lenders have not appointed a successor Administrative Agent, the Required Lenders shall be deemed to have succeeded to and become vested with all the rights, powers, privileges and duties of the resigning Administrative Agent.

(b) With effect from the Resignation Effective Date (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent (other than as provided in Section 3.09(h) and other than any rights to indemnity payments or other amounts owed to the retiring Administrative Agent as of the Resignation Effective Date). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this ARTICLE X and Sections 3.07 and 3.08 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub Administrative Agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

Section 10.07 Non-Reliance on Administrative Agent and Other Lenders . Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.08 Administrative Agent May File Proofs of Claim . In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to the Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective Administrative Agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 3.06, 3.07 and 3.08) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its Administrative Agents and counsel, and any other amounts due the Administrative Agent under Sections 3.06, 3.07 and 3.08 .

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 10.09 Appointment of Collateral Agent and Depository Agent . The Issuing Bank and each Lender hereby consents and agrees to the appointment of the Collateral Agent and the Depository Agent respectively in accordance with the Collateral Agency Agreement and the Depository Agreement and authorize each such Agent in such capacity to take such action on its behalf under the provisions of the Collateral Documents and to exercise such powers and perform such duties as are expressly delegated to it by the terms of the Collateral Documents, together with such other powers as are reasonably incidental thereto. The Collateral Agent and Depository Agent shall each be an express third party beneficiary of Section 11.01(b)(vii) , Section 3.07 and Section 3.08 .

Section 10.10 Joint Lead Arrangers . The Joint Lead Arrangers shall not have any duties or responsibilities hereunder in their capacities as such.

Section 10.11 Authorization . The Administrative Agent and the Collateral Agent are hereby authorized and directed by the Lenders to execute, deliver and perform each of the Use of Work Products Agreement with the Independent Engineer and the Financing Documents to which each of them, respectively, is or is intended to be a party and each Lender agrees to be bound by all of the agreements of the Administrative Agent and Collateral Agent contained in the Financing Documents and the Use of Work Products Agreement.

ARTICLE XI
MISCELLANEOUS

Section 11.01 Waivers; Amendments .

(a) No Deemed Waivers; Remedies Cumulative . No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 11.01(b) , and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Amendments . No amendment, supplement, modification or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing and either (x) signed by the Required Lenders and the Borrower, as the case may be, and acknowledged by the Administrative Agent or (y) approved by the Administrative Agent (acting on the instructions of the Required Lenders), and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided , however , that no such waiver and no such amendment, supplement or modification shall:

(i) increase the amount or extend the expiration date of any Commitment without the written consent of the Issuing Bank and each Lender adversely affected thereby;

(ii) reduce or forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Loan, reduce the stated rate of any interest or fee payable under this Agreement (except in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Facility Lenders of each adversely affected Facility)) or extend the scheduled date of any payment thereof, in each case, without the written consent of the Issuing Bank and each Lender adversely affected thereby;

(iii) amend, modify or waive any provision of ARTICLE III in a manner that would alter the pro rata sharing of payments required thereunder, without the written consent of each Lender or amend Section 11.16 without the written consent of each Lender Party adversely affected thereby;

(iv) change the voting rights of the Issuing Bank or the Lenders under this Section 11.01(b) or the definition of the term "Required Lenders" or "Required Facility Lenders" or any other provision hereof specifying the number or percentage of Lenders or other Secured Parties required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender and the Issuing Bank; or

(v) release all or a material portion of the Collateral, or any Loan Party or any SREC Seller Party from their obligations under the Collateral Documents or any Membership Interests without the written consent of the Issuing Bank and each Lender, in each case, other than in connection with a disposition permitted hereunder (including pursuant to Section 2.05); and provided that no such agreement shall amend, modify or otherwise affect the rights or duties of any Lender Party hereunder without the prior written consent of such Lender Party;

(vi) amend, modify or waive any provision of ARTICLE X or any other provision of any Loan Document that would adversely affect the Administrative Agent without the written consent of the Administrative Agent;

(vii) amend, modify or waive any provision of the Collateral Agency Agreement or the Depository Agreement or any other provision of any Loan Document that would adversely affect the Collateral Agent or Depository Agent without the written consent of such affected Agent;

(viii) amend, modify or waive any provision of Section 2.02 (or any other provision of this Agreement or any other Loan Document that specifically provides for rights and obligations of the Issuing Bank) without the written consent of the Issuing Bank;

(ix) change the order of priority of payments set forth in Section 4.02(b) of the Depository Agreement or Section 2.03 of the Collateral Agency Agreement without the written consent of each Lender Party directly affected thereby;

(x) amend, modify or waive any provision of this Agreement in a manner that would adversely affect the Term Lenders or the LC Lenders disproportionately to any Lenders in respect of any other Class of Loan without the consent of all the Required Facility Lenders of the adversely affected Facility; and

(xi) amend, modify or waive any provision of Section 2.05 without the written consent of each Lender Party.

Section 11.02 Notices; Copies of Notices and Other Information .

(a) Any request, demand, authorization, direction, notice, consent, waiver or other documents provided or permitted by this Agreement shall be in writing and if such request, demand, authorization, direction, notice, consent or waiver is to be made upon, given or furnished to or filed with:

(i) the Administrative Agent by any Lender or by the Borrower shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Administrative Agent at its Administrative Agent's Office; or

(ii) the Borrower by the Administrative Agent, or by any Lender shall be sufficient for every purpose hereunder if in writing and mailed first-class, postage prepaid and by facsimile to the Borrower addressed to: 201 Mission Street, 11th Floor San Francisco, CA 94105, Attn: Capital Markets, with a copy to: 201 Mission Street, 11th Floor San Francisco, CA 94105, Attn: Legal Department, or at any other address previously furnished in writing to the Administrative Agent by the Borrower. The Borrower shall promptly transmit any notice received by them from the Lenders to the Administrative Agent.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in Section 11.02(b) below, shall be effective as provided in Section 11.02(b) .

(b) Electronic Communications . Notices and other communications to the Administrative Agent or the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures

approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to ARTICLE II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient. To the extent that a Lender does not receive a Project Prepayment Certificate, quarterly Manager's report pursuant to Section 5.01(a)(iii), Debt Service Coverage Ratio Certificate, notices of defaults or events of default pursuant to Section 5.01(b)(i) or proposed Operating Budget directly from the Borrower, then the Administrative Agent agrees to deliver such reports, certificates and other documents to any such Lender promptly after receipt by the Administrative Agent from the Borrower of such certificate, report, budget or notice and notification from the Lender that such certificate, report, budget or notice has not been received.

(c) Change of Address, Etc. Each of the Borrower and the Administrative Agent may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Borrowing Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Indemnitee from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower, other than those resulting from the gross negligence or willful misconduct of such Person. All telephonic notices to and other telephonic communications with the Administrative Agent may

be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

(e) Disclosures to NY Green Bank . Notwithstanding anything to the contrary contained in this Agreement and for so long as Vivint Solar Financing NYGB Entity has any obligations to NY Green Bank under the NY Green Bank Loan Agreement, the Administrative Agent shall (i) send to NY Green Bank copies of all requests, demands, authorizations, directions, notices, consents, waivers, instructions, financial statements, certificates, reports, models, budgets or other documents and communications sent by the Administrative Agent to the Lenders and (ii) grant to NY Green Bank access to any electronic data site maintained by, or on behalf of, the Administrative Agent. Each of the Administrative Agent and the Borrower agrees to deliver to NY Green Bank a copy of any notice delivered to the Borrower under this Agreement and the other Loan Documents simultaneously with the delivery of such notice to Vivint Solar Financing NYGB Entity as a Lender under this Agreement; provided , that, so long as the Administrative Agent has granted NY Green Bank access to a data site referred to in this Section 11.02(e) , any such notice obligation may be satisfied by posting any applicable notice to such data site. NY Green Bank shall be an express third party beneficiary of this Section 11.02(e) .

(f) Notices by NY Green Bank . NY Green Bank is exclusively authorized to exercise all discretion in giving notices, directions, requests, instructions and other communications relating to this Agreement and the other Loan Documents to which Vivint Solar Financing NYGB Entity is entitled to give as a Lender under this Agreement and the other Loan Documents and in taking all such other actions reserved to Vivint Solar Financing NYGB Entity as a Lender under this Agreement (including the exercise of all voting rights of Vivint Solar Financing NYGB Entity as a Lender under this Agreement and the other Loan Documents), and the Administrative Agent, the Borrower and the Lenders shall (i) deal exclusively with NY Green Bank in connection with exercise Vivint Solar Financing NYGB Entity's rights as a Lender under this Agreement and the other Loan Documents, (ii) treat any and all written notices, directions, requests, instructions and other communications received from NY Green Bank as coming directly from Vivint Solar Financing NYGB Entity as a Lender under this Agreement and the other Loan Documents, (iii) disregard any notices, directions, requests, instructions and other communications that are received from Vivint Solar Financing NYGB Entity but not initiated or acknowledged by NY Green Bank and (iv) direct to NY Green Bank (with a copy to Vivint Solar Financing NYGB Entity) all requests, demands, authorizations, directions, notices, consents, waivers, instructions, financial statements, certificates, reports, models, budgets or other documents and communications arising out of or in connection with this Agreement and the other Loan Documents; provided , that this clause (f) shall not be applicable from and after the date of receipt by the Administrative Agent of the NY Green Bank Termination Notice. NY Green Bank shall be an express third party beneficiary of this Section 11.02(f) .

Section 11.03 No Waiver; Cumulative Remedies . No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right,

remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 11.04 Effect of Headings and Table of Contents . The Article and Section headings in this Agreement and the Table of Contents are for convenience only and shall not affect the construction hereof or thereof.

Section 11.05 Successors and Assigns .

(a) Successors and Assigns Generally . The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of their rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with Section 11.05(b) , (ii) by way of participation in accordance Section 11.05(d) , or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 11.05(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 11.05(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders . Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement upon prior notice to the Administrative Agent; provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts .

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitments and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in clause (b)(i)(B) below in the aggregate, or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in clause (b)(i)(A) above, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitments are not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if " Trade Date " is specified in

the Assignment and Assumption, as of the Trade Date) shall not be less than $1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts . Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) Required Consents . The consent of the Administrative Agent and, with respect to the assignment of any LC Exposure, the Issuing Bank shall be required for any assignment pursuant to this Section 11.05(b) other than assignments to a Lender, an Affiliate of a Lender or an Approved Fund; provided that, in each case, so long as no Default or Event of Default has occurred and is continuing, the consent of the Borrower shall be required for any assignment to a Competitor, and the Borrower's consent shall be deemed to have been given if the Borrower has not responded within ten (10) Business Days of its receipt of a written assignment request. No other consent shall be required for any such assignment except to the extent required by clause (b)(i)(B) above.

(iv) Assignment and Assumption . The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing fee in the amount of $3,500; provided , however , that the Administrative Agent may, in its sole discretion, elect to waive such processing fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) Prohibited Assignments . No assignment of any Loans or Commitments shall be made to (A) any Defaulting Lender or any of its Affiliates in this Section 11.05(b)(v) , (B) to a natural Person, (C) to the Borrower or any Affiliate thereof including the Sponsor (subject to Section 11.05(b)(vii) , an " Affiliated Lender ") or (D) for which a consent under Section 11.05(b)(iii) has not been obtained.

(vi) Certain Additional Payments . In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded

by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this clause (vi) , then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(vii) Notwithstanding anything to the contrary in this Agreement, for all purposes of this Agreement and the other Loan Documents, including, without limitation, for purposes of the Collateral Agency Agreement, Vivint Solar Financing NYGB Entity shall not be an Affiliated Lender prior to receipt by the Administrative Agent of the NY Green Bank Termination Notice; provided , that for purposes of determining the voting percentage of Vivint Solar Financing NYGB Entity hereunder, Vivint Solar Financing NYGB Entity shall be deemed to hold an aggregate amount of the outstanding Term Loan and Term Loan Commitment equal to the aggregate amount of outstanding loan and commitment to make the loan under the NY Green Bank Loan Agreement, as such amount may be certified to the Administrative Agent from time to time by NY Green Bank.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 11.05(c) , from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.06 , 3.07, 3.08 , 3.09 and 3.11 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.05(d) .

(c) Register . The Administrative Agent, acting solely for this purpose as an Administrative Agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). Upon its receipt of,

and consent to, a duly completed Assignment and Assumption executed by an assigning Lender and an assignee lender, administrative details information with respect to such assignee lender (unless the assignee lender shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b)(iv) above, if applicable, and the written consent of the Administrative Agent to such assignment and any applicable tax forms, the Administrative Agent shall promptly record each assignment made in accordance with this Section 11.05(c) in the Register. No assignment shall be effective unless it has been recorded in the Register as provided in this Section 11.05(c). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. (i) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrower or any of the Borrower's Affiliates) (each, a " Participant ") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (C) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; provided, further, that no Lender may sell participations to a Competitor without Borrower's prior written consent.

(ii) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver requiring the consent of all Lenders, as set forth in first proviso in Section 11.01(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.08, 3.09 and 3.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.05(b); provided that such Participant agrees to be subject to the provisions of 3.09 as if it were an assignee under Section 11.05(b). To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 3.11 as though it were a Lender; provided that such Participant agrees to be subject to Section 3.10 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans, Commitments or other rights or obligations under the Loan Documents (each such register, a " Participant Register "); provided that no Lender shall have any obligation to disclose all or any portion of any Participant Register to any Person (including the identity of

any Participant or any information relating to a Participant's interest in any Commitments, Loans or other rights or obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other right or obligation is in registered form under section 5f.103-1(c) of the U.S. Treasury Regulations. The entries in a Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights . A Participant shall not be entitled to receive any greater payment under Section 3.09 that the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.09 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Sections 3.09 and 3.10 as though it were a Lender.

(f) Certain Pledges . Any Lender or the Administrative Agent may at any time pledge or assign a security interest in all or any portion of its rights under the Loan Documents to secure obligations of such Lender or the Administrative Agent, including any pledge or assignment to secure obligations to a Federal Reserve Bank or central bank; provided that no such pledge or assignment shall release such Lender or the Administrative Agent from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender or the Administrative Agent as a party hereto.

Section 11.06 Severability . In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.07 Benefits of Agreement . Except as expressly provided in Sections 3.11(c)(iv) , 3.07(g) , 5.14(a) , 10.09 , 11.02(e) and 11.02(f) , nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto, the Administrative Agent and their successors hereunder, the Lender Parties, each Indemnitee and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 11.08 Governing Law .

(a) GOVERNING LAW . THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY

SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION . EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE . EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS . EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02 . NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section 11.09 WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, ADMINISTRATIVE AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.09 .

Section 11.10 Counterparts; Integration; Effectiveness . This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. “pdf”, “tif”, “jpg” or “jpeg”) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 11.11 Confidentiality .

(a) Each party to this Agreement agrees to maintain the confidentiality of the Confidential Information (as defined below), except that Confidential Information may be disclosed (i) to its Affiliates, and to its and its Affiliates’ directors, officers, employees, trustees and Administrative Agents, including accountants, legal counsel and other Administrative Agents and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential and any failure of such Persons acting on behalf of such party to comply with this Section shall constitute a breach of this Section by the relevant party, as applicable), (ii) to the extent requested by any regulatory authority or self-regulatory authority, required by applicable Law or by any subpoena or similar legal process; provided that solely to the extent permitted by law and other than in connection with audits and reviews by regulatory and self-regulatory authorities, each party shall notify the other parties hereto as promptly as practicable of any such requested or required disclosure in connection with any legal or regulatory proceeding; provided further that in no event shall any party hereto be obligated or required to return any materials furnished by any other party hereto, (iii) to any other party to this Agreement or under the other Loan Documents, (iv) in connection with the exercise of any

remedies hereunder or any suit, action or proceeding relating to this Agreement or the other Loan Documents or the enforcement of rights hereunder or thereunder, (v) on a confidential basis to (A) any rating agency in connection with rating the Borrower or its Subsidiaries or the Facilities or (B) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Facilities, (vi) subject to an agreement containing confidentiality undertakings substantially similar to those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any Lender's rights or obligations under this Agreement , (B) any actual or prospective counterparty (or its advisors) to any direct or indirect swap or derivative transaction or credit protection relating to the Borrower and its obligations or the Sponsor or any Relevant Party and their respective obligations, or (C) any pledgee of a Lender referred to in Section 11.05 ; provided , however , that Confidential Information may be disclosed to any such pledgee of a Lender that is a Governmental Authority without being subject to an agreement containing confidentiality undertakings substantially similar to those of this Section, (vii) to the extent that the Borrower has given its consent in writing to such disclosure or (viii) to the extent such Confidential Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to such party or its Affiliates on a nonconfidential basis from a source other than Sponsor or the Borrower. For the purposes hereof, " Confidential Information " shall mean (1) with respect to Borrower, all information received by the Administrative Agent or the Lenders from Sponsor, the Borrower or any Subsidiary relating to Sponsor, the Borrower, any other Subsidiary or their business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by Sponsor, the Borrower or any Subsidiary, and (2) with respect to the Administrative Agent or the Lenders, all information received by any Relevant Party or the Sponsor from the Administrative Agent or any Lender relating to the Administrative Agent or any Lender or its business, including information relating to fees, other than any such information that is available to such Relevant Party or the Sponsor on a nonconfidential basis prior to disclosure by the Administrative Agent or such Lender. Any Person required to maintain the confidentiality of Confidential Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord to its own confidential information.

(b) EACH PARTY HERETO ACKNOWLEDGES THAT CONFIDENTIAL INFORMATION AS DEFINED IN SECTION 11.11(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION CONCERNING SUCH OTHER PARTIES HERETO AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL CONFIDENTIAL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT, WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION ABOUT THE SPONSOR, THE BORROWER, THE RELEVANT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE CONFIDENTIAL INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC CONFIDENTIAL INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

Section 11.12 USA PATRIOT Act . Each Lender that is subject to the PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " PATRIOT Act "), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the PATRIOT Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and Anti-Money Laundering Laws, including the PATRIOT Act.

Section 11.13 Corporate Obligation . No recourse may be taken, directly or indirectly, with respect to the obligations of the Borrower or the Administrative Agent, in each of their capacities hereunder, under this Agreement or any certificate or other writing delivered in connection herewith, against (a) the Administrative Agent in its individual capacity, or (b) any partner, member, owner, beneficiary, Administrative Agent, officer, director, employee or Administrative Agent of the Administrative Agent in its individual capacity, any holder of equity in the Borrower or the Administrative Agent or in any successor or assign of the Administrative Agent in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Administrative Agent has no such obligations in its individual capacity), and except that any such partner, owner or equity holder shall be fully liable, to the extent provided by applicable Law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity.

Section 11.14 Administrative Agent's Duties and Obligations Limited . The duties and obligations of the Administrative Agent, in its various capacities hereunder, shall be limited to those expressly provided for in their entirety in this Agreement (including any exhibits to this Agreement). Any references in this Agreement (and in the exhibits to this Agreement) to duties or obligations of the Administrative Agent in its various capacities hereunder, that purport to arise pursuant to the provisions of any of the Loan Documents shall only be duties and obligations of the Administrative Agent if the Administrative Agent is a signatory to any such Loan Documents.

Section 11.15 Entire Agreement . THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 11.16 Right of Setoff . Subject to Article IV of the Collateral Agency Agreement, if an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness. The rights of each Lender and its Affiliates under this Section 11.16 are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 11.17 Interest Rate Limitation . Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the " Maximum Rate "). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 11.18 Survival of Representations and Warranties . All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the making thereof and the termination of this Agreement.

Section 11.19 No Advisory or Fiduciary Responsibility . In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the arranging and other services regarding this Agreement provided by the Joint Lead Arrangers, the Lender Parties and their Affiliates are arm's-length commercial transactions between the Borrower and their respective Affiliates, on the one hand, and the Joint Lead Arrangers, the Lender Parties and their Affiliates, on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) the Joint Lead Arrangers, the Lender Parties and their Affiliates are and have been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, Administrative Agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (ii) neither the Joint Lead Arrangers, the Lender Parties nor their Affiliates have any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Joint Lead Arrangers, the Lender Parties and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and their respective Affiliates, and neither the Joint Lead Arrangers, the Lender Parties nor their Affiliates have any obligation to disclose any of such interests to the Borrower or any of its Affiliates. To the fullest extent permitted by Law, the Borrower hereby waives and releases any claims that it may have against the Joint Lead Arrangers, the Lender Parties and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 11.20 Electronic Execution of Assignments and Certain Other Documents . The words "execute," "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act.

Section 11.21 Contractual Recognition of Bail-in . Notwithstanding any other term of any Loan Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other party under or in connection with the Loan Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Loan Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers, thereunto duly authorized, all as of the day and year first above written.

BORROWER:

VIVINT SOLAR FINANCING II, LLC

By: /s/ Thomas Plagemann
Name: Thomas Plagemann
Title: Executive Vice President, Capital Markets

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

INVESTEC BANK PLC ,
as Administrative Agent

By: /s/ Andrew Nosworthy
Name: Andrew Nosworthy
Title: Authorised Signatory

By: /s/ Oliver Tagg
Name: Oliver Tagg
Title: Authorised Signatory

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

INVESTEC BANK PLC ,
as Lender

By: /s/ Andrew Nosworthy
Name: Andrew Nosworthy
Title: Authorised Signatory

By: /s/ Oliver Tagg
Name: Oliver Tagg
Title: Authorised Signatory

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

BANKUNITED, N.A. ,
as Lender

By: /s/ Justin Allbright
Name: Justin Allbright
Title: Vice President

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

DEUTSCHE BANK AG, NEW YORK BRANCH ,
as Lender

By: /s/ Vinod Mukani
Name: Vinod Mukani
Title: Director

By: /s/ Richard Mauro
Name: Richard Mauro
Title: Vice President

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

ING CAPITAL LLC ,
as Lender

By: /s/ Thomas Cantello
Name: Thomas Cantello
Title: Director

By: /s/ Erwin Thomet
Name: Erwin Thomet
Title: Managing Director

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

VIVINT SOLAR FINANCING II NYGB, LLC ,
as Lender

By: /s/ Thomas Plagemann
Name: Thomas Plagemann
Title: Executive Vice President, Capital Markets

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

SILICON VALLEY BANK ,
as Lender

By: /s/ Bret Turner
Name: Bret Turner
Title: Managing Director

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

SUNTRUST BANK ,
as Lender

By: /s/ Michael Canavan
Name: Michael Canavan
Title: Managing Director

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

ZB N.A., dba NATIONAL BANK OF ARIZONA ,
as Lender

By: /s/ Kate Smith
Name: Kate Smith
Title: Vice President

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

INVESTEC BANK PLC ,
as Issuing Bank

By: /s/ Andrew Nosworthy
Name: Andrew Nosworthy
Title: Authorised Signatory

By: /s/ Oliver Tagg
Name: Oliver Tagg
Title: Authorised Signatory

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule IV

Administrative Agent's Office

Administrative Agent Address

Investec Bank plc
as Administrative Agent
2 Gresham Street
London, EC2V 7QP
United Kingdom
Attn: Shelagh Kirkland
Telephone: [***]
Facsimile: [***]
Email: [***]

Administrative Agent Account Information

BANK
SWIFT CODE
ROUTING NUMBER
ACCOUNT NAME
SWIFT CODE
ACCOUNT NUMBER

Schedule 2.01

Lenders' Commitments

TERM LENDERS	Term Loan Commitment
Investec Bank plc	[***]
ING Capital, LLC	[***]
Silicon Valley Bank	[***]
SunTrust Bank	[***]
BankUnited, N.A.	[***]
Deutsche Bank AG, New York Branch	[***]
Vivint Solar Financing II NYGB, LLC	[***]
ZB N.A., dba National Bank of Arizona	[***]
Total	$300,000,000.00

LC LENDER	LC Commitment
Investec Bank plc	$13,000,000.00

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule 2.05

Cash Diversion Funds

- **Vivint Solar Liberty Master Tenant, LLC**
- **Vivint Solar Liberty Owner, LLC**
- **Vivint Solar Margaux Master Tenant, LLC**
- **Vivint Solar Margaux Owner, LLC**
- **Vivint Solar Fund III Master Tenant, LLC**
- **Vivint Solar Fund III Owner, LLC**
- **Vivint Solar Hannah Project Company, LLC**
- **Vivint Solar Fund XIV Project Company, LLC**
- **Vivint Solar Elyse Project Company, LLC**
- **Vivint Solar Fund X Project Company, LLC**

Schedule 4.03(e)

Organizational Structure prior to the Closing Date

[***]

Schedule 4.03(f)

Organizational Structure following the Closing Date

[***]

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule 4.03(g)

Subsidiaries

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Financing II Parent, LLC	Delaware	Vivint Solar Financing Holdings, LLC	100%	N/A	N/A
Vivint Solar Financing II, LLC	Delaware	Vivint Solar Financing II Parent, LLC	100%	N/A	N/A
Vivint Solar Liberty Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Inverted Lease Guarantor
Vivint Solar Margaux Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Inverted Lease Guarantor
Vivint Solar Fund III Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Inverted Lease Guarantor
Vivint Solar Nicole Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Inverted Lease Guarantor
Vivint Solar Mia Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Aaliyah Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar Rebecca Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar Hannah Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar Elyse Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar Fund X Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar Fund XII Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar Fund XIV Manager, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	Partnership Flip Guarantor
Vivint Solar SREC Guarantor, LLC	Delaware	Vivint Solar Financing II, LLC	100%	N/A	N/A

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Liberty Master Tenant, LLC	Delaware	Vivint Solar Liberty Manager, LLC – Managing Member	[***] % (pre-flip) [***] % (post-flip)	N/A	Inverted Lease Tenant
		[***] – Investor Member	[***] % (pre-flip) [***] % (post-flip)		
Vivint Solar Liberty Owner, LLC	Delaware	Vivint Solar Liberty Manager, LLC – Managing Member	[***] %	N/A	Inverted Lease Lessor
		Vivint Solar Liberty Master Tenant, LLC - Master Tenant	[***] %		
Vivint Solar Margaux Master Tenant, LLC	Delaware	Vivint Solar Margaux Manager, LLC – Managing Member	[***] % (pre-flip) [***] % (post-flip)	N/A	Inverted Lease Tenant
		[***] – Investor Member	[***] % (pre-flip) [***] % (post-flip)		

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Margaux Owner, LLC	Delaware	Vivint Solar Margaux Manager, LLC – Managing Member	[***] %	N/A	Inverted Lease Lessor
		Vivint Solar Margaux Master Tenant, LLC - Master Tenant	[***] %		
Vivint Solar Fund III Master Tenant, LLC	Delaware	Vivint Solar Fund III Manager, LLC – Managing Member	[***] % (pre-flip) [***] % (post-flip)	N/A	Inverted Lease Tenant
		[***] – Investor Member	[***] % (pre-flip) [***] % (post-flip)		
Vivint Solar Fund III Owner, LLC	Delaware	Vivint Solar Fund III Manager, LLC – Managing Member	[***] %	N/A	Inverted Lease Lessor
		Vivint Solar Fund III Master Tenant, LLC - Master Tenant	[***] %		
Vivint Solar Nicole Master Tenant, LLC	Delaware	Vivint Solar Nicole Manager, LLC – Managing Member	[***] % (pre-flip) [***] % (post-flip)	N/A	Inverted Lease Tenant
		[***] – Investor Member	[***] % (pre-flip) [***] % (post-flip)		

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Nicole Owner, LLC	Delaware	Vivint Solar Nicole Manager, LLC – Managing Member	[***] %	N/A	Inverted Lease Lessor
		Vivint Solar Nicole Master Tenant, LLC - Master Tenant	[***] %		
Vivint Solar Mia Project Company, LLC	Delaware	Vivint Solar Mia Manager, LLC - Class B	100% of Class B Membership Interest	N/A	Partnership Flip Fund
		Blackstone Holdings I, L.P. - Class A	100% of Class A Membership Interest		
Vivint Solar Aaliyah Project Company, LLC	Delaware	Vivint Solar Aaliyah Manager, LLC - Class B	100% of Class B Membership Interest	N/A	Partnership Flip Fund
		Stoneco IV Corporation - Class A	100% of Class A Membership Interest		
Vivint Solar Rebecca Project Company, LLC	Delaware	Vivint Solar Rebecca Manager, LLC – Class B	100% of Class B Membership Interest	N/A	Partnership Flip Fund
		Blackstone Holdings I L.P. – Class A	100% of Class A Membership Interest		

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Hannah Project Company, LLC	Delaware	Vivint Solar Hannah Manager, LLC – Class B	100% of Class B Membership Interest	June 30, 2020	Partnership Flip Fund
		[***] – Class A	100% of Class A Membership Interest		
Vivint Solar Elyse Project Company, LLC	Delaware	Vivint Solar Elyse Manager, LLC – Class B	100% of Class B Membership Interest	April 1, 2022	Partnership Flip Fund
		[***] – Class A	100% of Class A Membership Interest		
Vivint Solar Fund X Project Company, LLC	Delaware	Vivint Solar Fund X Manager, LLC – Class B	100% of Class B Membership Interest	June 30, 2021	Partnership Flip Fund
		[***] – Class A	100% of Class A Membership Interest		

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Entity Name	Jurisdiction	Owner	Ownership Percentage	Target Flip Date	TE Entity Type
Vivint Solar Fund XII Project Company, LLC	Delaware	Vivint Solar Fund XII Manager, LLC – Class B	100% of Class B Membership Interest	N/A	Partnership Flip Fund
		[***] – Class A	100% of Class A Membership Interest		
Vivint Solar Fund XIV Project Company, LLC	Delaware	Vivint Solar Fund XIV Manager, LLC – Class B	100% of Class B Membership Interest	October 31, 2021	Partnership Flip Fund
		[***] – Class A	100% of Class A Membership Interest		

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule 4.04

Governmental Authorizations

None.

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule 4.08

Financial Statement Exceptions

None.

Schedule 4.10

Litigation; Adverse Facts

None.

Schedule 4.14

Insurance

Contained herein is description of all policies of insurance for the Relevant Parties, including those policies of the Sponsor for the benefit of the Relevant Parties which are required to be maintained pursuant to a Transaction Document, that are in effect as of the Closing Date.

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
4/1/2016- 4/1/2017	P16GR00830	GCube (40%) Travelers (60%) – Lloyds Shared Program	Master Property Program	Any One Occurrence (Business Personal Property, Forklifts and Combined Business Interruption/Extra Expense) - $50,000,000*
			Vivint Solar, Inc.	
				Property in the Course of Construction or Installation
			Vivint Solar Financing II, LLC as well as all funds listed below are included as Additional Named Insureds on the referenced property policy:	$250,000$150,000 per Jobsite $1,000,000$500,000 per Occurrence
			Vivint Solar Margaux Manager, LLC	
			Vivint Solar Margaux Master Tenant, LLC	Property in the due course of transit
			Vivint Solar Margaux Owner, LLC	$250,000$100,000
			Vivint Solar Liberty Manager, LLC	
			Vivint Solar Liberty Master Tenant LLC	
			Vivint Solar Liberty Owner, LLC	Operations- solar panel systems and related equipment per schedule of locations and limits on file
			Vivint Solar Fund XII Manager, LLC (Ricks Fund)	$500,000$150,000
			Vivint Solar Fund XII Master Tenant, LLC (Ricks Fund)	
			Vivint Solar Fund XII Owner, LLC (Ricks Fund)	Miscellaneous Unscheduled Locations
			Vivint Solar Fund III Manager, LLC (Caitlin)	$500,000 per Occurrence
			Vivint Solar Fund III Master Tenant, LLC (Caitlin)	
			Vivint Solar Fund III Owner, LLC (Caitlin)	Flood-Annual Aggregate*
			Vivint Solar Aaliyah Manager, LLC	$20,000,000
			Vivint Solar Aaliyah Project Company, LLC	Earth Movement (CA)-Annual Aggregate*

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
			Vivint Solar Mia Manager, LLC Vivint Solar Mia Project Company, LLC Vivint Solar Rebecca Project Company, LLC. Vivint Solar Rebecca Manager, LLC Vivint Solar Nicole Owner, LLC Vivint Solar Nicole Manager, LLC Vivint Solar Nicole Master Tenant, LLC Vivint Solar Fund XI Project Company, LLC Vivint Solar Fund XI Manager, LLC Vivint Solar Fund X Project Company, LLC Vivint Solar Fund X Manager, LLC Vivint Solar Fund XIII Manager, LLC Vivint Solar Fund XV Manager, LLC Vivint Solar Fund XV Project Company Named Insureds wording from policy includes: Vlvint Solar Inc., Vivint Solar Holdings, Inc., Vivint Solar Developer, LLC, and/or its affiliates subsidiaries, companies and/or corporations as now exist or may hereafter be constituted, owned, controlled, operated, directed, managed or acquired including their interests as may appear in partnerships, trusts, associations, REITs, joint ventures, 'members" of the LLC's as defined therein, and any other party in interest which the Insured is legally obligated to insure by contract and / or as per Policy Wording.	$20,000,000 Earth Movement (All Other)-Annual Aggregate* $20,000,000 **Deductibles** All Other Perils $5,000 Earth Movement, Flood, and Named Windstorm 2% of total insurable values of all locations sustaining direct damage-subject to minimum of $100,000 per occurrence Business Interruption/Extra Expense 72 Hours **Additional Coverages** Debris Removal – 25% of Loss Pollutant Clean Up - $100,000 Fire Department Service Charges - $100,000

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Inventory or Appraisals - $100,000 Electronic Data Recovery Costs - $100,000 Fire Protection Equipment Refill $100,000 **Valuation** Property-Replacement Cost Time Element-Actual Loss Sustained **Conditions** Quarterly Audit Adjustments Mechanical & Electrical Breakdown Included Terrorism Rejected Series Loss Clause *As part of the Master Property Program the dedicated limits listed below apply to the following funds: Vivint Solar Fund X Project Company, LLC; Vivint Solar Fund XIII Project Company, LLC; Vivint Solar Fund XV Project Company, LLC Any One Occurrence (Business Personal Property, Forklifts and Combined Business Interruption/Extra Expense) - $50,000,000 Subject to a $10,000,000 fund specific limit for each fund Flood-Annual Aggregate $20,000,000 Subject to $2,000,000 fund specific limits for each fund Earth Movement (CA)-Annual Aggregate $20,000,000 Subject to $2,000,000 fund specific limits for each fund Earth Movement (All Other)-Annual Aggregate $20,000,000 S Subject to $2,000,000 fund specific limits for each fund

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Windstorm Included in $50,000,000 per occurrence limit and included in $10,000,000 fund specific limits for each fund
3/13/2016- 3/13/2017	IM2541072	Colony Insurance Company	Inland Marine Property VIVINT SOLAR HANNAH PROJECT COMPANY, LLC	Catastrophe Limit-Per Occurrence: $10,000,000 Covered Property/Stock: Solar Panel Systems, Inverters and related equipment, various storage and office facilities as reported by insured Property in the Course of Construction or Installation $100,000 per jobsite not to exceed $500,000$250,000 per Occurrence Property in the due course of transit: $50,000 Operations- solar panel systems and related equipment per schedule of locations and limits on file: $100,000 per Occurrence Miscellaneous Unscheduled Locations: $100,000 per Location Flood-Annual Aggregate: $2,000,000 Earthquake-Annual Aggregate: $2,000,000 Business Interruption/Extra Expense: $5,000,000 subject to a maximum amount stated in the statement of values, subject to a $500K Max per 30 Days **Deductibles** Per Occurrence: $10,000 Annual Aggregate: $100,000

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Per Occurrence Trailing Deductible once Aggregate is reached. All claims for the ground up will continue to the erosion of the aggregate: $1,000 Earthquake, Flood, and Named Windstorm-Do not apply to the aggregate amount: 2% of Insurable Values-Subject to minimum of $100,000 per occurrence Business Interruption/Extra Expense: 72 Hour Waiting Period **Additional Coverages** Debris Removal: $150,000 Pollutant Clean Up: $50,000 Newly Acquired Equipment: $100,000 **Valuation** Property –Functional Replacement Cost Time Element-Actual Loss Sustained **Conditions** Quarterly reporting of new installations by size of system (KW) Quarterly audit/adjustments per rates Mechanical Breakdown included Loss Payee Exhibit F1 included
4/1/2016- 4/1/2017	IM2542601	Colony Insurance Company	Inland Marine Property VIVINT SOLAR ELYSE PROJECT COMPANY, LLC	Catastrophe Limit: $10,000,000 Covered Property/Stock: Solar Panel Systems, Inverters and related equipment, various storage and office facilities as reported by insured

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Property in the Course of Construction or Installation $100,000 Per Jobsite $500,000 Blanket per Occurrence Property in the due course of transit: $50,000 Fixed Property- Operational solar panel systems and related equipment per schedule of locations : $100,000 Miscellaneous Unscheduled Locations: $65,000 Flood-Annual Aggregate: $2,000,000 Earthquake-Annual Aggregate: $2,000,000 Business Interruption/Extra Expense: $5,000,000 subject to a maximum amount stated in the statement of values per occurrence; **Deductibles** Per Occurrence: $10,000 Annual Aggregate: $100,000 Per Occurrence Trailing Deductible once Aggregate is reached. All claims for the ground up will continue to the erosion of the aggregate: $1,000 Earthquake, Flood, and Named Windstorm-Do not apply to the aggregate amount: 2% of Insurable Values-Subject to minimum of $100,000 per occurrence

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Business Interruption/Extra Expense: 72 Hour Waiting Period **Additional Coverages** Debris Removal: $150,000 Pollutant Clean Up: $50,000 Newly Acquired Equipment: $100,000 Transit: $50,000 **Valuation** Property –Functional Replacement Cost Time Element-Actual Loss Sustained No Coinsurance: **Terms & Conditions** Quarterly reporting of new installations by State/Zip code Quarterly audit/adjustments per rates Minimum Earned Premium 25% Special Endorsement Language by Fund Manager Mechanical Breakdown Coverage Included Terrorism Coverage-Rejected
9/17/2015- 9/17/2016	IM254386	Colony Insurance Company	Inland Marine Property VIVINT SOLAR FUND XIV PROJECT COMPANY, LLC	Catastrophe Limit: $10,000,000 Covered Property/Stock: Solar Panel Systems, Inverters and related equipment, various storage and office facilities as reported by insured Property in the Course of Construction or Installation $100,000 Per Jobsite $500,000 Blanket per Occurrence Property in the due course of transit: $50,000

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Fixed Property- Operational solar panel systems and related equipment per schedule of locations : $100,000 Miscellaneous Unscheduled Locations: $100,000 Flood-Annual Aggregate: $2,000,000 Earthquake-Annual Aggregate: $2,000,000 Business Interruption/Extra Expense: $5,000,000 per occurrence;$500,000 max per 30 days. **Deductibles** Per Occurrence: $10,000 Annual Aggregate: $100,000 Per Occurrence Trailing Deductible once Aggregate is reached. All claims for the ground up will continue to the erosion of the aggregate: $1,000 Earthquake, Flood, and Named Windstorm-Do not apply to the aggregate amount: 2% of Insurable Values-Subject to minimum of $100,000 per occurrence Business Interruption/Extra Expense: 72 Hour Waiting Period **Additional Coverages** Debris Removal: $150,000 Pollutant Clean Up: $50,000 Newly Acquired Equipment: $100,000 **Valuation** Property –Functional Replacement Cost

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Time Element-Actual Loss Sustained No Coinsurance: **Terms & Conditions** Quarterly reporting of new installations by State/Zip code Quarterly audit/adjustments per rates Minimum Earned Premium 25% Special Endorsement Language by Fund Manager Mechanical Breakdown Coverage Included Terrorism Coverage-Rejected
11/01/15 To 11/01/16	BAP509601501	Zurich American Insurance Company	**Commercial Automobile** Vivint Solar, Inc. Vivint Solar Developer, LLC	$1,000,000 Bodily Injury & Property Damage Statutory Personal Injury Protection $10,000 Medical Payments – Each Person $1,000,000 Uninsured/Underinsured Motorists $250,000 Deductible Hired Car Physical Damage – ACV Owned and Hired Car Phys. Damaged Deductible: $1,000 Comprehensive $1,000 Collision Lessor-Additional Insured and Loss Payee Where Required by Written Contract Waiver of Transfer of rights of Recovery Where Required by Written Contract Rental Reimbursement Included
11/01/15 To 11/01/16	WC509601301	American Zurich Insurance Company.	**Worker's Compensation Deductible Policy** Vivint Solar, Inc. Vivint Solar Developer, LLC	**States Covered: AZ, CA, CT, HI, MD, NJ, NU, NV, NM, OR, PA, UT** Statutory - Workers' Compensation $1,000,000 - Bodily Injury by Accident – Each Accident $1,000,000 - Bodily Injury by Disease – Policy Limit

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				$1,000,000 Bodily Injury by Disease – Each Employee $500,000 Deductible
11/01/15 To 11/01/16	WC509601401 (MA)	Zurich American Insurance Company	**Worker's Compensation Retro Policy** Vivint Solar, Inc. Vivint Solar Developer, LLC	**States Covered: MA** Statutory - Workers' Compensation $1,000,000 Bodily Injury by Accident – Each Accident $1,000,000 Bodily Injury by Disease – Policy Limit $1,000,000 Bodily Injury by Disease – Each Employee $500,000 Deductible
1/29/16 – 1/29/17	3776500116EN	Axis Specialty Europe	**Commercial General Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	**General Liability** : $1,000,000 Each Occurrence Limit $1,000,000 Damage to Premises Rented to You $10,000 Medical Expense Limit – Each Person $1,000,000 Personal & Advertising Injury Limit $1,000,000 Products/Completed Operations Limit $2,000,000 General Aggregate $25,000 Deductible - Bodily Injury & Property Damage Combined- Per Occurrence Umbrella Coverage $25,000,000 Each Occurrence and in the Aggregate Additional Named Insured Schedule : Vivint Solar Holdings, Inc. Vivint Solar Financing I Parent, LLC Vivint Solar Financing I, LLC Vivint Solar Financing Holdings Parent, LLC Vivint Solar Financing Holdings, LLC Vivint Solar OTM Holdings, LLC Vivint Solar Commercial Holdings, LLC Vivint Solar Owner I, LLC

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Vivint Solar Operations, LLC Vivint Solar Provider, LLC Vivint Solar Developer, LLC Vivint Solar Margaux Manager, LLC Vivint Solar Margaux Master Tenant, LLC Vivint Solar Margaux Owner, LLC Vivint Solar Liberty Manager, LLC Vivint Solar Liberty Master Tenant, LLC Vivint Solar Liberty Owner, LLC Vivint Solar Fund III Manager, LLC Vivint Solar Fund III Master Tenant, LLC Vivint Solar Fund III Owner, LLC Vivint Solar Aaliyah Manager, LLC Vivint Solar Aaliyah Project Company, LLC Vivint Solar Mia Manager, LLC Vivint Solar Mia Project Company, LLC Solmetric Corporation Vivint Solar Hannah Project Company, LLC Vivint Solar Hannah Manager, LLC Vivint Solar Rebecca Project Company, LLC Vivint Solar Rebecca Manager, LLC Vivint Solar Nicole Owner, LLC Vivint Solar Nicole Manager, LLC Vivint Solar Nicole Master Tenant, LLC Vivint Solar Elyse Project Company, LLC Vivint Solar Elyse Manager, LLC Vivint Solar Fund X Manager, LLC Vivint Solar Fund X Project Company, LLC Vivint Solar Fund XIV, Manager LLC Vivint Solar Fund XIV, Project Company LLC

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				Vivint Solar Fund XIII Manager, LLC Vivint Solar Fund XIII Project Company, LLC Vivint Solar Fund XI Manager, LLC Vivint Solar Fund XI Project Company, LLC Vivint Solar Fund XVI Manager, LLC Vivint Solar Fund XVI Lessee, LLC Vivint Solar Fund XVIII Manager, LLC Vivint Solar Fund XVIII Project Company, LLC Vivint Solar Fund XV Project Company, LLC Vivint Solar Fund XII Manager, LLC Vivint Solar Fund XII Project Company, LLC
1/29/16 – 1/29/17	CPO 69895626	AIG Specialty Insurance Company	**Contractors Pollution** Vivint Solar, Inc. Vivint Solar Developer, LLC	**Contractors Pollution Liability** : Coverage A – Legal Liability $5,000,000 Each Pollution Condition Limit Coverage B – Emergency Response Costs $250,000 $25,000 Deductible
1/29/16 – 1/29/17	CEO7446813	XL Catlin	**Professional** **Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	**Professional Liability** **(Claims Made and Reported Coverage):** $1,000,000 Each Claim Limit $1,000,000 Aggregate Limit 06/09/2011 Retroactive Date $100,000 SIR
10/01/14 to 11/01/16	WS11007784	Insurance Company of the State of Pennsylvania	**Foreign Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	**Foreign General Liability** $4,000,000 Program Aggregate $2,000,000 General Aggregate $2,000,000 Product-Completed Operations Aggregate $1,000,000 Personal and Advertising Injury $1,000,000 Each Occurrence Limit

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				$1,000,000 Damage to Premises Rented to You $25,000 Medical Expense **Foreign Business Automobile** $1,000,000 Foreign Business Automobile – Accident $25,000 Medical Expense – Accident $25,000 Hired Auto – Accident Physical Damage - $1,000 – Each Auto **Foreign Voluntary Compensation and Employers Liability** $1,000,000 Supplemental Repatriation Expense $1,000,000 Employers Liability Injury – Accident $1,000,000 Employers Liability Injury – Disease Limit $1,000,000 Employers Liability Injury – Disease Each Employee **Foreign Travel Accident and Sickness** $100,000 Principal Sum Insured $1,000,000 Aggregate Limit $50,000 Medical Expense $500 Deductible $100,000 Emergency Medical Evacuation
3/30/16 To 6/30/17	474382	Underwriters at Lloyds	**Media** **Security** **Privacy** Vivint Solar, Inc. Vivint Solar Developer, LLC	**Multimedia Liability** $5,000,000 Each Claim $5,000,000 Aggregate $25,000 Retention Each Claim **Security and Privacy Liability** $5,000,000 Each Claim $5,000,000 Aggregate $25,000 Retention Each Claim **Privacy Regulatory Defense & Penalties** $5,000,000 Each Claim $5,000,000 Aggregate $25,000 Retention Each Claim **Privacy Breach Response Costs, Notification Expenses, and Breach Support & Credit Monitoring Expenses (Outside the Limits)** $5,000,000 Each Claim

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				$5,000,000 Aggregate $25,000 Retention **Proactive Privacy Breach Response Costs Sublimit** $25,000 Each Claim $25,000 Aggregate **Voluntary Notification Expenses Sublimit** $5,000,000 Each Claim $5,000,000 Aggregate **Network Asset Protection** $5,000,000 Each Claim $5,000,000 Aggregate $25,000 Retention Each Claim 10% Co-insurance each and every loss Non-physical Business Interruption & Extra Expense – 8 hour waiting period **Cyber Extortion** $5,000,000 Each Claim $5,000,000 Aggregate $25,000 Retention Each Claim **Cyber Terrorism** $5,000,000 Each Claim $5,000,000 Aggregate **$5,000,000 Maximum Policy Aggregate Limit**
6/30/16 To 6/30/17	01-613-76-21	National Union Fire Insurance Company of Pittsburgh, PA	**Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$10,000,000 Limit of Liability $2,500,000 Retention
6/30/16 To 6/30/17	DOX G23676321 002	ACE American Insurance Company	**Excess Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$10,000,000 Aggregate $10MM xs $10MM
6/30/16 To 6/30/17	ELU145082-16	XL Specialty Insurance Company	**Excess Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$20,000,000 Aggregate $10MM xs $20MM
6/30/16 To 6/30/17	DOX10005655901	Endurance American Insurance Company	**Excess Directors & Officers Liability** Vivint Solar, Inc.	$30,000,000 Aggregate $10MM xs $30MM

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
			Vivint Solar Developer, LLC	
6/30/16 To 6/30/17	MC002KP16	Aspen American Insurance Company	**Excess Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$40,000,000 Aggregate $10MM xs $40MM
6/30/16 To 6/30/17	18016327	Berkley Insurance Company	**Excess Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$50,000,000 Aggregate $10MM xs $50MM
6/30/16 To 6/30/17	MLX7601103-01	Argonaut Insurance Company	**Excess Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$60,000,000 Aggregate $10MM xs $60MM
6/30/16 To 6/30/17	0309-2282	Allied World National Assurance Company	**Excess Side A Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$70,000,000 Aggregate $10MM xs $70MM
6/30/16 To 6/30/17	ELU145085-16	XL Specialty Insurance Company	**Excess Side A Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$80,000,000 Aggregate $10MM xs $80MM
6/30/16 To 6/30/17	01-542-50-06	Illinois National Insurance Company	**Excess Side A Directors & Officers Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$90,000,000 Aggregate $20MM xs $90MM
6/30/16 To 6/30/17	01-542-49-62	Illinois National Insurance Company	**Fiduciary Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$5,000,000 Aggregate
6/30/16 To 6/30/17	DON G23690068 002	Ace American Insurance Company	**Crime** Vivint Solar, Inc. Vivint Solar Developer, LLC	$5,000,000 Employee Theft $5,000,000 Forgery or Alteration $5,000,000 Theft of Money/Securities Inside Premises $5,000,000 Robbery of Safe Burglary Inside Premises $5,000,000 Theft Outside Premises $5,000,000 Computer and Funds Transfer Fraud

Policy Dates	Policy Number	Carrier	Line of Insurance	Coverage
				$5,000,000 Money Orders and Counterfeit Money $25,000 Deductible
6/30/16 To 6/30/17	01-542-50-04	National Union Fire Insurance Company of Pittsburgh, PA	**Employment Practices Liability** Vivint Solar, Inc. Vivint Solar Developer, LLC	$5,000,000 Aggregate $250,000 Retention

.

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule 4.19

Brokers

None.

Schedule 4.22(a)

Portfolio Documents

Liberty Fund

1. Amended and Restated Operating Agreement of Vivint Solar Liberty Master Tenant, LLC, between the Investor named therein and Vivint Solar Liberty Manager, LLC, dated September 14, 2012, as amended by Amendment No. 1 to the Vivint Solar Liberty Master Tenant, LLC, Amended and Restated Operating Agreement, dated August 1, 2016

2. Operating Agreement of Vivint Solar Liberty Owner, LLC, between Vivint Solar Liberty Master Tenant, LLC and Vivint Solar Liberty Manager, LLC, dated October 5, 2011, as amended by Amendment No. 1 to the Vivint Solar Liberty Owner, LLC, Operating Agreement, dated August 1. 2016

3. Amended and Restated Equity Capital Contribution Agreement among Vivint Solar Developer, LLC, Vivint Solar Liberty Owner, LLC and Vivint Solar Liberty Manager, LLC, dated September 14, 2012 (" Liberty Purchase Agreement ")

4. Master Lease between Vivint Solar Liberty Owner, LLC and Vivint Solar Liberty Master Tenant, LLC, dated October 5, 2011, as amended by Amendment No. 1 to Master Lease dated June 20, 2012 (" Liberty MLA ")

5. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Liberty Owner, LLC, dated October 5, 2011, as amended by the First Amendment to Maintenance Services Agreement dated October 2, 2013, and the Second Amendment to Maintenance Services Agreement dated August 1, 2016 (" Liberty MSA ")

6. Guaranty between the Investor named therein and Vivint Solar, Inc., dated October 5, 2011, as amended by Extension of Deadline To Deliver Subordination Agreement Under Guaranty dated November 23, 2011 (" Liberty Guaranty ")

7. Pass-Through Agreement, between Vivint Solar Liberty Owner, LLC, and Vivint Solar Liberty Master Tenant, LLC, dated October 5, 2011 (" Liberty Pass-Through ")

8. REC Purchase Agreement, between Vivint Solar Liberty Owner, LLC and Vivint Solar Developer, LLC, dated October 5, 2011, and assigned by Developer to Vivint Solar SREC Guarantor, LLC pursuant to the Assignment and Assumption Agreement dated August 1, 2016 (" Liberty SREC Transfer Agreement ")

9. Consent Agreement, dated as of July 18, 2016, by and among Vivint Solar Fund III Manager, LLC, a Delaware limited liability company, Vivint Solar Fund XIII Project Company, LLC, a Delaware limited liability company, Vivint Solar Liberty Manager, LLC, a Delaware limited liability company, Vivint Solar Margaux Manager, LLC, a Delaware limited liability company, Vivint Solar Nicole Manager, LLC, a Delaware limited liability company, Vivint Solar Developer, LLC, a Delaware limited liability company, and [***] , a Delaware limited liability company (the " [***] Consent Agreement ")

Margaux Fund

1. Operating Agreement of Vivint Solar Margaux Master Tenant, LLC, between the Investor named therein and Vivint Solar Margaux Manager, LLC, dated October 3, 2012, as amended by Amendment No. 1 to the Vivint Solar Margaux Master Tenant, LLC, Operating Agreement, dated August 1, 2016

2. Operating Agreement of Vivint Solar Margaux Owner, LLC, between Vivint Solar Margaux Master Tenant, LLC and Vivint Solar Margaux Manager, LLC, dated October 3, 2012, as amended by Amendment No. 1 to the Vivint Solar Margaux Owner, LLC, Operating Agreement, dated August 1, 2016

3. Equity Capital Contribution Agreement among Vivint Solar Developer, LLC, Vivint Solar Margaux Owner, LLC and Vivint Solar Margaux Manager, LLC, dated October 3, 2012 (" Margaux Purchase Agreement ")

4. Master Lease between Vivint Solar Margaux Owner, LLC and Vivint Solar Margaux Master Tenant, LLC, dated October 3, 2012 (" Margaux MLA ")

5. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Margaux Owner, LLC, dated October 3, 2012, as amended by the First Amendment to Maintenance Services Agreement dated October 2, 2013, and the Second Amendment to Maintenance Services Agreement dated August 1, 2016 (" Margaux MSA ")

6. Guaranty between the Investor named therein and Vivint Solar, Inc., dated October 3, 2012 (" Margaux Guaranty ")

7. Pass-Through Agreement, between Vivint Solar Margaux Owner, LLC, and Vivint Solar Margaux Master Tenant, LLC, dated October 3, 2012 (" Margaux Pass-Through ")

8. REC Purchase Agreement, between Vivint Solar Margaux Owner, LLC and Vivint Solar Developer, LLC, dated October 3, 2012, and assigned by Developer to Vivint Solar SREC Guarantor, LLC pursuant to the Assignment and Assumption Agreement dated August 1, 2016 (" Margaux SREC Transfer Agreement ")

9. The [***] Consent Agreement

Caitlin Fund

1. Operating Agreement of Vivint Solar Fund III Master Tenant, LLC, between the Investor named therein and Vivint Solar Fund III Manager, LLC, dated June 28, 2013, as amended by the First Amendment to Vivint Solar Fund III Master Tenant, LLC Operating Agreement, dated October 2, 2013, and the Second Amendment to Vivint Solar Fund III Master Tenant, LLC Operating Agreement, dated August 1, 2016

2. Operating Agreement of Vivint Solar Fund III Owner, LLC, between Vivint Solar Fund III Master Tenant, LLC and Vivint Solar Fund III Manager, LLC, dated June 28, 2013, as amended by the First Amendment to Vivint Solar Fund III Owner, LLC Operating Agreement, dated October 2, 2013, and the Second Amendment to Vivint Solar Fund III Owner, LLC Operating Agreement, dated August 1, 2016

3. Equity Capital Contribution Agreement among Vivint Solar Developer, LLC, Vivint Solar Fund III Owner, LLC and Vivint Solar Fund III Manager, LLC, dated June 28, 2013, as amended by the First Amendment to Equity Capital Contribution Agreement, dated October 2, 2013 (" Fund III Purchase Agreement ")

4. Master Lease between Vivint Solar Fund III Owner, LLC and Vivint Solar Fund III Master Tenant, LLC, dated June 28, 2013, as amended by the First Amendment to Master Lease, dated October 2, 2013 (" Fund III MLA ")

5. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Fund III Owner, LLC, dated June 28, 2013, as amended by the First Amendment to Maintenance Services Agreement dated August 1, 2016 (" Fund III MSA ")

6. Guaranty among the Investor named therein, Vivint Solar Fund III Master Tenant, LLC, Vivint Solar Developer, LLC, and Vivint Solar, Inc., dated June 28, 2013, as reaffirmed by the Reaffirmation Agreement among Vivint Solar, Inc. and Vivint Solar Developer, LLC to the Investor named therein and Vivint Solar Fund III Master Tenant, LLC, dated October 2, 2013 (" Fund III Guaranty ")

7. Pass-Through Agreement, between Vivint Solar Fund III Owner, LLC, and Vivint Solar Fund III Master Tenant, LLC, dated June 28, 2013 (" Fund III Pass-Through ")

8. REC Purchase Agreement, between Vivint Solar Fund III Owner, LLC and Vivint Solar Developer, LLC, dated June 28, 2013, and assigned by Developer to Vivint Solar SREC Guarantor, LLC pursuant to the Assignment and Assumption Agreement dated August 1, 2016 (" Fund III SREC Transfer Agreement ")

9. The [***] Consent Agreement

Nicole Fund

1. Operating Agreement of Vivint Solar Nicole Master Tenant, LLC, between the Investor named therein and Vivint Solar Nicole Manager, LLC, dated April 29, 2014, as amended by Amendment No. 1 to the Vivint Solar Nicole Master Tenant, LLC, Operating Agreement, dated August 1, 2016

2. Operating Agreement of Vivint Solar Nicole Owner, LLC, between Vivint Solar Nicole Master Tenant, LLC and Vivint Solar Nicole Manager, LLC, dated April 29, 2014, as amended by Amendment No. 1 to the Vivint Solar Nicole Owner, LLC, Operating Agreement, dated August 1, 2016

3. Equity Capital Contribution Agreement among Vivint Solar Developer, LLC, Vivint Solar Nicole Owner, LLC and Vivint Solar Nicole Manager, LLC, dated April 29, 2014 (" Nicole Purchase Agreement ")

4. Master Lease between Vivint Solar Nicole Owner, LLC and Vivint Solar Nicole Master Tenant, LLC, dated April 29, 2014 (" Nicole MLA ")

5. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Nicole Owner, LLC, dated April 29, 2014, as Amended by the First Amendment to Maintenance Services Agreement, dated August 1, 2016 (" Nicole MSA ")

6. Guaranty among the Investor named therein, Vivint Solar Nicole Master Tenant, LLC, Vivint Solar Developer, LLC, and Vivint Solar Holdings, Inc., dated April 29, 2014 (" Nicole Guaranty ")

7. Pass-Through Agreement, between Vivint Solar Nicole Owner, LLC, and Vivint Solar Nicole Master Tenant, LLC, dated April 29, 2014 (" Nicole Pass-Through ")

8. REC Purchase Agreement, between Vivint Solar Nicole Owner, LLC and Vivint Solar Developer, LLC, dated April 29, 2014, and assigned by Developer to Vivint Solar SREC Guarantor, LLC pursuant to the Assignment and Assumption Agreement dated August 1, 2016 (" Nicole SREC Transfer Agreement ")

9. The [***] Consent Agreement

Mia Fund

1. Limited Liability Company Agreement of Vivint Solar Mia Project Company, LLC, between Vivint Solar Mia Manager, LLC and the original investor named therein, dated July 16, 2013, as assigned to the Investor named therein pursuant to the Assignment and Assumption Agreement among the original investor named therein as assignor, the Investor named therein as assignee, and Vivint Solar Mia Manager, LLC, dated September 30, 2013, and as amended by the First Amendment to Limited Liability Company Agreement dated September 12, 2013 and effective as of August 5, 2013, the Second Amendment to Limited Liability Company Agreement dated August 31, 2013 the Third Amendment to Limited Liability Company Agreement dated April 15, 2015 and Amendment No. 4 to Vivint Solar Mia Project Company, LLC, Limited Liability Company Agreement dated August 4, 2016

2. Development, EPC and Purchase Agreement among Vivint Solar Developer, LLC, Vivint Solar, Inc. and Vivint Solar Mia Project Company, LLC, dated July 15, 2013, as amended by the First Amendment to Development, EPC and Purchase Agreement dated January 13, 2014, the Second Amendment to Development, EPC and Purchase Agreement dated April 25, 2014 and the Third Amendment to Development, EPC and Purchase Agreement dated April 15, 2015 (" Mia Purchase Agreement ")

3. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Mia Project Company, LLC, dated July 16, 2013, as amended by the First Amendment to Maintenance Services Agreement, dated April 15, 2015 and the Second Amendment to Maintenance Services Agreement, dated August 4, 2016 (" Mia MSA ")

4. Administrative Services Agreement between Vivint Solar Mia Manager, LLC and Vivint Solar Mia Project Company, LLC, dated August 4, 2016 (" Mia ASA ")

5. Guaranty by Vivint Solar, Inc. in favor of the original investor named therein and Vivint Solar Mia Project Company, LLC, dated July 16, 2013, as assigned to the current Investor automatically by operation of Section 9 of the Guaranty, as amended by that certain Amendment to Guaranty dated August 4, 2016 (" Mia Guaranty ")

6. SREC Transfer Agreement, between Vivint Solar Mia Project Company, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Mia SREC Transfer Agreement ")

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

7. Consent Agreement, dated as of August 4, 2016 , by and among Vivint Solar Aaliyah Manager, LLC, a Delaware limited liability company, Vivint Solar Mia Manager, LLC, a Delaware limited liability company, Vivint Solar Rebecca Manager, LLC, a Delaware limited liability company, Stoneco IV Corporation, a Delaware corporation, and Blackstone Holdings I L.P., a Delaware limited partnership (the " Blackstone Consent Agreement ")

Aaliyah Fund

1. Limited Liability Company Agreement of Vivint Solar Aaliyah Project Company, LLC, between Vivint Solar Aaliyah Manager, LLC and the Investor named therein, dated November 5, 2013, as amended by the First Amendment to Limited Liability Company Agreement of Vivint Solar Aaliyah Project Company, LLC dated January 13, 2014 and the Written Consent of the Members of Vivint Solar Aaliyah Project Company, LLC, dated January 13, 2014, the Second Amendment to Limited Liability Company Agreement of Vivint Solar Aaliyah Project Company, LLC dated April 15, 2015 and Amendment No. 3 to Vivint Solar Aaliyah Project Company, LLC, Limited Liability Company Agreement dated August 4, 2016

2. Development, EPC and Purchase Agreement among Vivint Solar Developer, LLC, Vivint Solar, Inc. and Vivint Solar Aaliyah Project Company, LLC, dated November 5, 2013, as amended by the First Amendment to Development, EPC and Purchase Agreement dated January 13, 2014 and the Second Amendment to Development, EPC and Purchase Agreement dated February 13, 2014 and the Third Amendment to Development, EPC and Purchase Agreement dated April 15, 2015 (" Aaliyah Purchase Agreement ")

3. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Aaliyah Project Company, LLC, dated November 5, 2013, as amended by the First Amendment to Maintenance Services Agreement, dated April 15, 2015 and the Second Amendment to Maintenance Services Agreement, dated August 4, 2016 (" Aaliyah MSA ")

4. Administrative Services Agreement between Vivint Solar Aaliyah Manager, LLC and Vivint Solar Aaliyah Project Company, LLC, dated August 4, 2016 (" Aaliyah ASA ")

5. Guaranty by Vivint Solar, Inc. in favor of the Investor named therein and Vivint Solar Aaliyah Project Company, LLC, dated November 5, 2013 and the Reaffirmation Agreement by Vivint Solar, Inc. in favor of the Investor named therein and Vivint Solar Aaliyah Project Company, LLC, dated January 13, 2014, as amended by that certain Amendment to Guaranty dated August 4, 2016 (" Aaliyah Guaranty ")

6. SREC Transfer Agreement, between Vivint Solar Aaliyah Project Company, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Aaliyah SREC Transfer Agreement ")

7. The Blackstone Consent Agreement

Rebecca Fund

1. Limited Liability Company Agreement of Vivint Solar Rebecca Project Company, LLC, between Vivint Solar Rebecca Manager, LLC and the Investor named therein, dated February 13, 2014, as amended by the First Amendment to Limited Liability Company Agreement of Vivint Solar Rebecca Project Company, LLC dated April 15, 2015 and Amendment No. 2 to Vivint Solar Rebecca Project Company, LLC, Limited Liability Company Agreement dated August 4, 2016

2. Development, EPC and Purchase Agreement among Vivint Solar Developer, LLC, Vivint Solar, Inc. and Vivint Solar Rebecca Project Company, LLC, dated February 13, 2014, as amended by the First Amendment to Development, EPC and Purchase Agreement dated April 15, 2015 (" Rebecca Purchase Agreement ")

3. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Rebecca Project Company, LLC, dated February 13, 2014, as amended by the First Amendment to Maintenance Services Agreement, dated April 15, 2015 and the Second Amendment to Maintenance Services Agreement, dated August 4, 2016 (" Rebecca MSA ")

4. Administrative Services Agreement between Vivint Solar Rebecca Manager, LLC and Vivint Solar Rebecca Project Company, LLC, dated August 4, 2016 (" Rebecca ASA ")

5. Guaranty by Vivint Solar, Inc. in favor of the Investor named therein and Vivint Solar Rebecca Project Company, LLC, dated February 13, 2014, as amended by that certain Amendment to Guaranty dated August 4, 2016 (" Rebecca Guaranty ")

6. SREC Transfer Agreement, between Vivint Solar Rebecca Project Company, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Rebecca SREC Transfer Agreement ")

7. The Blackstone Consent Agreement

Hannah Fund

1. Limited Liability Company Agreement of Vivint Solar Hannah Project Company, LLC, between Vivint Solar Hannah Manager, LLC and the Investor named therein, dated February 14, 2014, as amended by Amendment No. 1 to Limited Liability Company Agreement, dated March 28, 2014, Amendment No. 2 to Limited Liability Company Agreement dated June 30, 2014 , Amendment No. 3 to Limited Liability Company Agreement, dated June 16, 2015 but effective as of May 31, 2015 and Amendment No. 4 to Vivint Solar Hannah Project Company, LLC, Limited Liability Company Agreement, dated August 2, 2016

2. Master EPC Agreement between Vivint Solar Developer, LLC and Vivint Solar Hannah Project Company, LLC, dated February 14, 2014, as amended by Amendment No. 1 to Master EPC Agreement, dated June 17, 2015 but effective as of May 31, 2015 (" Hannah Purchase Agreement ")

3. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Hannah Project Company, LLC, dated February 14, 2014, as amended by the First Amendment to Maintenance Services Agreement, dated August 2, 2016 (" Hannah MSA ")

4. Guaranty by Vivint Solar, Inc. in favor of the Investor named therein, dated February 14, 2014 (" Hannah Guaranty ")

5. Environmental Attribute Transfer Agreement, between Vivint Solar Hannah Manager, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Hannah SREC Transfer Agreement ")

6. Consent Agreement, dated as of August 2, 2016, by and between Vivint Solar Hannah Manager, LLC, a Delaware limited liability company, and [***] , a Delaware corporation

Elyse Fund

1. Limited Liability Company Agreement of Vivint Solar Elyse Project Company, LLC, between Vivint Solar Elyse Manager, LLC and the Investor named therein, dated July 3, 2014, as amended by Amendment No. 1 to Limited Liability Company Agreement, dated July 22, 2014, Amendment No. 2 to Limited Liability Company Agreement, December 30, 2014, Amendment No. 3 to Limited Liability Company Agreement, dated May 11, 2015, Amendment No. 4 to Limited Liability Company Agreement, dated June 30, 2015 and Amendment No. 5 to Vivint Solar Elyse Project Company, LLC, Limited Liability Company Agreement, dated August 4, 2016.

2. Master Engineering, Procurement and Construction Agreement between Vivint Solar Developer, LLC and Vivint Solar Elyse Project Company, LLC, dated July 3, 2014, as amended by Amendment No. 1 to Master Engineering, Procurement and Construction Agreement, dated July 22, 2014, Amendment No. 2 to Master Engineering, Procurement and Construction Agreement, dated December 30, 2014, Amendment No. 3 to Master Engineering, Procurement and Construction Agreement, dated May 11, 2015 and Amendment No. 4 to Master Engineering, Procurement and Construction Agreement, dated June 30, 2015 (" Elyse Purchase Agreement ")

3. Maintenance Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Elyse Project Company, LLC, dated July 3, 2014 (" Elyse MSA ")

4. Administrative Services Agreement between Vivint Solar Provider, LLC and Vivint Solar Elyse Project Company, LLC, dated July 3, 2014 , as amended by Amendment No. 1 to the Administrative Services Agreement, dated June 30, 2015 and Amendment No. 2 to the Administrative Services Agreement, dated August 3, 2016 (" Elyse ASA ")

5. Guaranty by Vivint Solar, Inc. in favor of the Investor named therein, dated July 3, 2014 (" Elyse Guaranty ")

6. SREC Transfer Agreement, between Vivint Solar Elyse Project Company, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Elyse SREC Transfer Agreement ")

7. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Elyse Manager, LLC, a Delaware limited liability company, Vivint Solar Fund XVIII Manager, LLC, a Delaware limited liability company, Vivint Solar Developer, LLC, a Delaware limited liability company, and [***] , a Delaware corporation

Fund X Fund

1. Limited Liability Company Agreement of Vivint Solar Fund X Project Company, LLC, between Vivint Solar Fund X Manager, LLC and the Investor named therein, dated September 17, 2014, as amended by Amendment No. 1 to Vivint Solar Fund X Project Company, LLC, Limited Liability Company Agreement, dated March 16, 2016, and Amendment No. 2 to the Vivint Solar Fund X Project Company, LLC, Limited Liability Company Agreement dated August 1, 2016.

2. Master Engineering, Procurement and Construction Agreement, between Vivint Solar Developer, LLC and Vivint Solar Fund X Project Company, LLC, dated September 17, 2014, as amended by Amendment No. 1 to Master Engineering, Procurement and Construction Agreement, dated March 16, 2016 (" Fund X Purchase Agreement ")

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

3. Maintenance Services Agreement, between Vivint Solar Provider, LLC and Vivint Solar Fund X Project Company, LLC, dated September 17, 2014 (" Fund X MSA ")

4. Administrative Services Agreement, between Vivint Solar Provider, LLC and Vivint Solar Fund X Project Company, LLC, dated September 17, 2014, as amended by Amendment No. 1 to the Administrative Services Agreement, dated August 1, 2016 (" Fund X ASA ")

5. Guaranty, by Vivint Solar, Inc. in favor of the Investor named therein, dated September 17, 2014 (" Fund X Guaranty ")

6. SREC Transfer Agreement, between Vivint Solar Fund X Project Company, LLC and Vivint Solar SREC Guarantor, LLC, dated August 1, 2016 (" Fund X SREC Transfer Agreement ")

7. Consent Agreement, dated as of August 1, 2016, by and between Vivint Solar Fund X Manager, LLC, a Delaware limited liability company, and [***] , a Delaware limited liability company

Fund XII Fund

1. Limited Liability Company Agreement of Vivint Solar Fund XII Project Company, LLC, between Vivint Solar Fund XII Manager, LLC and the Investors named therein, dated October 3, 2014

2. Master Purchase Agreement, between Vivint Solar Developer, LLC, and Vivint Solar Fund XII Project Company, LLC, dated October 3, 2014, as amended by Amendment No. 1 to Master Purchase Agreement, dated December 2, 2014, and as further amended by Amendment No. 2 to Master Purchase Agreement, dated December 9, 2014 (" Fund XII Purchase Agreement ")

3. Maintenance Services Agreement, between Vivint Solar Provider, LLC, and Vivint Solar Fund XII Project Company, LLC, dated October 3, 2014, as amended by the Amendment to Maintenance Services Agreement, dated August 3, 2016 (" Fund XII MSA ")

4. SREC Transfer Agreement, between Vivint Solar Fund XII Project Company, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Fund XII SREC Transfer Agreement ")

Fund XIV Fund

1. Limited Liability Company Agreement of Vivint Solar Fund XIV Project Company, LLC, between Vivint Solar Fund XIV Manager, LLC and the Investor named therein, dated December 18, 2014, as amended by Amendment No. 1 to Limited Liability Company Agreement, dated April 28, 2015 and Amendment No. 2 to Vivint Solar Fund XIV Project Company, LLC, Limited Liability Company Agreement, dated August 2, 2016

2. Master EPC Agreement, between Vivint Solar Developer, LLC and Vivint Solar Fund XIV Project Company, LLC, dated December 18, 2014 (" Fund XIV Purchase Agreement ")

3. Maintenance Services Agreement, between Vivint Solar Provider, LLC and Vivint Solar Fund XIV Project Company, LLC, dated December 18, 2014 (" Fund XIV MSA ")

4. Administrative Services Agreement, between Vivint Solar Provider, LLC and Vivint Solar Fund XIV Project Company, LLC, dated December 18, 2014, as amended by the First Amendment to Administrative Services Agreement, dated August 2, 2016 (" Fund XIV ASA ")

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

5. Guaranty, by Vivint Solar, Inc. in favor of the Investor named therein, dated December 18, 2014 (" Fund XIV Guaranty ")

6. Environmental Attribute Transfer Agreement, between Vivint Solar Fund XIV Manager, LLC and Vivint Solar SREC Guarantor, LLC, dated August 4, 2016 (" Fund XIV SREC Transfer Agreement ")

7. Consent Agreement, dated as of August 2, 2016, by and between Vivint Solar Fund XIV Manager, a Delaware limited liability company, and [***] , a Delaware corporation

Eligible SREC Contracts

1. Master Renewable Energy Certificate Purchase and Sale Agreement, dated December 17, 2015, by and 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 July 20, 2016, by and among Vivint Solar Developer, LLC, Vivint Solar SREC Aggregator, LLC, and DTE Energy Trading, Inc.)

2. Confirmation #1, dated December 18, 2015, by and between DTE Energy Trading, Inc. and Vivint Solar SREC Aggregator, LLC (as successor-in-interest to Vivint Solar Developer, LLC pursuant to the DTE Amendment), as amended by the DTE Amendment, with a Trade Date of December 13, 2015 and Transaction Reference numbers 5329755, 5329757, 5329759, 532761 and 5329763

3. Master Renewable Energy Certificate Purchase and Sale Agreement, dated July 20, 2016, by and between DTE Energy Trading, Inc. and Vivint Solar SREC Financing, LLC

4. Confirmation #1, dated July 20, 2016, by and between DTE Energy Trading, Inc. and Vivint Solar SREC Financing, LLC, with a Trade Date of July 20, 2016, and Transaction Reference number 5839100

5. Confirmation, dated July 19, 2016 with a Trade Date of July 19, 2016 and BP Ref. No. - 167990 / Trade Id. – 5060634

6. Confirmation, dated July 19, 2016 with a Trade Date of July 19, 2016 and BP Ref. No. - 167989 / Trade Id. – 5060635

7. Guaranty Agreement, dated July 20, 2016, by BP Corporation North America Inc. in favor of Vivint Solar SREC Aggregator, LLC

8. Guaranty Agreement, dated July 20, 2016, by BP Corporation North America Inc. in favor of Vivint Solar SREC Financing, LLC

Master Backup Services Agreement and Addenda

1. Master Back-Up Servicing Agreement, dated as of June 15, 2016, between Vivint Solar Provider, LLC (" Provider ") and Wells Fargo Bank, National Association (" Backup Servicer ")

2. Covered Agreement Addendum No. 1 among Vivint Solar Liberty Master Tenant, LLC, Provider and Backup Servicer, dated August 4, 2016

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

3. Covered Agreement Addendum No. 2 among Vivint Solar Margaux Master Tenant, LLC, Provider and Backup Servicer, dated August 4, 2016

4. Covered Agreement Addendum No. 3 among Vivint Solar Fund III Master Tenant, LLC, Provider and Backup Servicer, dated August 4, 2016

5. Covered Agreement Addendum No. 4 among Vivint Solar Nicole Master Tenant, LLC, Provider and Backup Servicer, dated August 4, 2016

6. Covered Agreement Addendum No. 5 among Vivint Solar Mia Project Company, LLC (" Mia Project Company "), Provider and Backup Servicer, dated August 4, 2016

7. Covered Agreement Addendum No. 6 among Vivint Solar Aaliyah Project Company, LLC (" Aaliyah Project Company "), Provider and Backup Servicer, dated August 4, 2016

8. Covered Agreement Addendum No. 7 among Vivint Solar Rebecca Project Company, LLC (" Rebecca Project Company "), Provider and Backup Servicer, dated August 4, 2016

9. Covered Agreement Addendum No. 8 among Vivint Solar Hannah Project Company, LLC (" Hannah Project Company "), Provider and Backup Servicer, dated August 4, 2016

10. Covered Agreement Addendum No. 9 among Vivint Solar Fund XIV Project Company, LLC (" Fund XIV Project Company "), Provider and Backup Servicer, dated August 4, 2016

11. Covered Agreement Addendum No. 10 among Vivint Solar Elyse Project Company, LLC (" Elyse Project Company "), Provider and Backup Servicer, dated August 4, 2016

12. Covered Agreement Addendum No. 11 among Vivint Solar Fund X Project Company, LLC (" Fund X Project Company "), Provider and Backup Servicer, dated August 4, 2016

13. Covered Agreement Addendum No. 12 among Vivint Solar Fund XII Project Company, LLC (" Fund XII Project Company "), Provider and Backup Servicer, dated August 4, 2016

Master SREC Purchase and Sale Agreements

1. SREC Purchase and Sale Agreement, between Vivint Solar SREC Guarantor, LLC (" SREC Guarantor ") and Vivint Solar SREC Aggregator, LLC, dated August 4, 2016 (" SREC Aggregator Master PSA ")

2. SREC Purchase and Sale Agreement, between SREC Guarantor and Vivint Solar SREC Financing, LLC, dated August 4, 2016 (" SREC Financing Master PSA ")

Master Lease Agreements

1. Liberty MLA

2. Margaux MLA

3. Fund III MLA

4. Nicole MLA

Master Limited Warranty Agreements

1. Master Limited Warranty Agreement, between Vivint Solar Developer, LLC, and Vivint Solar Liberty Owner, LLC, dated October 5, 2011

2. Master Limited Warranty Agreement, between Vivint Solar Developer, LLC, and Vivint Solar Margaux Owner, LLC, dated October 3, 2012

3. Master Limited Warranty Agreement, between Vivint Solar Developer, LLC, and Vivint Solar Fund III Owner, LLC, dated June 28, 2013, as amended by the First Amendment to Master Limited Warranty Agreement dated October 2, 2013

4. Master Limited Warranty Agreement, between Vivint Solar Developer, LLC, and Vivint Solar Nicole Owner, LLC, dated April 29, 2014

Master Purchase Agreements

1. Liberty Purchase Agreement

2. Margaux Purchase Agreement

3. Fund III Purchase Agreement

4. Nicole Purchase Agreement

5. Mia Purchase Agreement

6. Aaliyah Purchase Agreement

7. Rebecca Purchase Agreement

8. Hannah Purchase Agreement

9. Elyse Purchase Agreement

10. Fund X Purchase Agreement

11. Fund XII Purchase Agreement

12. Fund XIV Purchase Agreement

Services Agreements

1. Liberty MSA

2. Margaux MSA

3. Fund III MSA

4. Nicole MSA

5. Mia MSA
6. Mia ASA
7. Aaliyah MSA
8. Aaliyah ASA
9. Rebecca MSA
10. Rebecca ASA
11. Hannah MSA
12. Elyse MSA
13. Elyse ASA
14. Fund X MSA
15. Fund X ASA
16. Fund XII MSA
17. Fund XIV MSA
18. Fund XIV ASA

Sponsor Guaranties

1. Liberty Guaranty
2. Margaux Guaranty
3. Fund III Guaranty
4. Nicole Guaranty
5. Mia Guaranty
6. Aaliyah Guaranty
7. Rebecca Guaranty
8. Hannah Guaranty
9. Elyse Guaranty
10. Fund X Guaranty
11. Fund XIV Guaranty

Pass-Through Agreements

1. Liberty Pass-Through Agreement
2. Margaux Pass-Through Agreement
3. Fund III Pass-Through Agreement
4. Nicole Pass-Through Agreement

Fund SREC Transfer Agreements

1. Liberty SREC Transfer Agreement
2. Margaux SREC Transfer Agreement
3. Fund III SREC Transfer Agreement
4. Nicole SREC Transfer Agreement
5. Mia SREC Transfer Agreement
6. Aaliyah SREC Transfer Agreement
7. Rebecca SREC Transfer Agreement
8. Hannah SREC Transfer Agreement
9. Elyse SREC Transfer Agreement
10. Fund X SREC Transfer Agreement
11. Fund XIV SREC Transfer Agreement
12. Fund XII SREC Transfer Agreement

SREC Consents

1. Consent and Acknowledgment, dated as of August 2, 2016, by and among DTE Energy Trading, Inc., Vivint Solar SREC Financing, LLC, Vivint Solar SREC Aggregator, LLC BankUnited, N.A.
2. Consent and Acknowledgment, dated as of August 2, 2016, by and among BP Energy Company, BP Corporation North America, Inc., Vivint Solar SREC Financing, LLC, Vivint Solar SREC Aggregator, LLC BankUnited, N.A.

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Tax Equity Consents

1. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Fund III Manager, LLC, Borrower, Collateral Agent and [***]

2. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Fund III Manager, LLC, Borrower, Collateral Agent, Vivint Solar Fund III Master Tenant, LLC and [***]

3. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Liberty Manager, LLC, Borrower, Collateral Agent and [***]

4. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Liberty Manager, LLC, Borrower, Collateral Agent, Vivint Solar Liberty Master Tenant, LLC and [***]

5. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Margaux Manager, LLC, Borrower, Collateral Agent and [***]

6. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Margaux Manager, LLC, Borrower, Collateral Agent, Vivint Solar Margaux Master Tenant, LLC and [***]

7. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Nicole Manager, LLC, Borrower, Collateral Agent and [***]

8. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Nicole Manager, LLC, Borrower, Collateral Agent, Vivint Solar Nicole Master Tenant, LLC and [***] .

9. Consent Agreement dated as of August 4, 2016, by and among Vivint Solar Aaliyah Manager, LLC, Borrower, Collateral Agent, Stoneco IV Corporation, Vivint Solar Holdings, Inc., and Bank of America, N.A.

10. Consent Agreement dated as of August 4, 2016, by and among Vivint Solar Mia Manager, LLC, Borrower, Collateral Agent, Blackstone Holdings I L.P., Vivint Solar Holdings, Inc., and Bank of America, N.A.

11. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Rebecca Manager, LLC, Borrower, Collateral Agent, Blackstone Holdings I L.P., Vivint Solar Holdings, Inc. and Bank of America, N.A.

12. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Elyse Manager, LLC, Borrower, Collateral Agent, [***] , Vivint Solar Holdings, Inc. and [***]

13. Consent Agreement, dated as of August 4, 2016, by and among Vivint Solar Fund XII Manager, LLC, Borrower, Collateral Agent and [***]

Schedule 4.22(f)

Portfolio Document Exceptions

None.

Schedule 4.22(n)

Project States

- Arizona
- California
- Hawaii
- Maryland
- Massachusetts
- New Jersey
- New York
- Washington, D.C.

Schedule A

Project Information

The Project Information shall include the following information for each Project:

AR#
Customer Name
City
State
Zip
Electric Utility
Initial PPA Rate
PPA Annual Escalation Rate
Estimated Annual Sun Hours
Estimated Year 1 Production AC (kWh)
FICO Score
Original PV System Size (kW STC DC)
Final PV System Size (kW STC DC)
Appraisal FMV ($/W STC DC)
Capital Contribution from Investor
CAD to Customer Date
Permit Date
Install Schedule Date
Install Date
Muni Inspection Approval Date
PTO Date
Customer Billing Commencement Date / In-Service Date
PIS Date
Tranche
Tranche Presentation Date
California (North or South)
PV Module Manufacturer
PV Module Model
Inverter Manufacturer

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Schedule B

Approved Vendor List

Panels

- First Solar
- Yingli
- Trina
- Canadian Solar
- Solarworld
- Hanwha
- JA Solar
- Jinko Solar
- Recom

Inverters

- Enphase
- SolarEdge
- SMA
- Fronius
- Schneider
- Solectria

The Systems may use any other panel or inverter manufacturer (i) with the approval of the Administrative Agent or (ii) as long as no more than 1% of the nameplate capacity of the Systems use panels or inverters from such unapproved manufacturer.

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Annex A

Amortization Schedule

Quarter Ending	Scheduled Principal Repayment
6/30/2016	$-
9/30/2016	1,754,272.77
12/31/2016	216,441.13
3/31/2017	55,941.40
6/30/2017	2,159,013.52
9/30/2017	2,525,532.94
12/31/2017	262,269.10
3/31/2018	128,247.90
6/30/2018	2,235,637.39
9/30/2018	2,509,902.43
12/31/2018	196,130.44
3/31/2019	136,714.24
6/30/2019	2,234,064.95
9/30/2019	2,527,350.10
12/31/2019	224,801.49
3/31/2020	316,486.12
6/30/2020	2,424,098.38
9/30/2020	2,311,551.48
12/31/2020	-
3/31/2021	54,149.61
6/30/2021	2,556,425.34

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Annex B

Targeted Debt Balance Schedule

Quarter Ending	Target Debt Ending Balance
6/30/2016	$300,000,000.00
9/30/2016	297,505,922.24
12/31/2016	296,761,016.71
3/31/2017	296,197,013.59
6/30/2017	293,221,026.33
9/30/2017	289,846,630.15
12/31/2017	289,047,837.14
3/31/2018	288,400,398.19
6/30/2018	285,335,704.96
9/30/2018	281,977,705.27
12/31/2018	281,253,141.40
3/31/2019	280,594,850.02
6/30/2019	277,530,527.59
9/30/2019	274,151,159.19
12/31/2019	273,392,447.27
3/31/2020	272,528,124.86
6/30/2020	269,219,220.69
9/30/2020	266,057,052.19
12/31/2020	265,653,810.90
3/31/2021	265,059,353.91
6/30/2021	257,382,247.49

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Annex C

Fund Representations

With respect to each Fund, the Borrower makes the following Fund Representations:

Each Fund is duly organized, validly existing and in good standing under the Laws of its state of formation. Each Fund has all requisite power and authority to own and operate its Properties, to carry on its businesses as now conducted and proposed to be conducted. Each Fund has all requisite power and authority to enter into each Transaction Document to which it is a party and to perform the terms thereof.

All of the Tax Equity Documents for each Fund are set forth on Schedule 4.22(a) and true, complete and correct copies of all such Tax Equity Documents have been delivered to the Administrative Agent. The Tax Equity Documents for each Fund are in full force and effect and no material breach, default or event of default has occurred and is continuing under or in connection with such Tax Equity Documents

No loan to any Fund required or permitted to be made under the Limited Liability Company Agreement of such Fund has been made and remains outstanding, except loans that constitute Permitted Indebtedness in accordance with Sections 6.01(c) and (g) of the Credit Agreement.

No Fund has incurred any Indebtedness or other material obligations or liabilities, direct or contingent, other than Permitted Indebtedness.

Neither the applicable Guarantor nor any Fund is in breach or default under or with respect to any contractual obligation for or with respect to any outstanding amount or amounts payable under such contractual obligation that equals or exceeds $50,000 individually or $100,000 in the aggregate inclusive of all Guarantors and Funds.

No Fund maintains any cash reserves that exceed $50,000 individually or $100,000 in the aggregate, except to the extent required pursuant to the Tax Equity Documents of such Fund.

The applicable Guarantor has not been removed as managing member under the Limited Liability Company Agreement for such Fund, nor has such Guarantor given or received written notice of an action, claim or threat of removal.

No event has occurred under the Limited Liability Company Agreement for such Fund that would allow the Tax Equity Member of such Fund to remove, or give notice of removal, of the Guarantor as the managing member of such Fund.

No event or circumstance has occurred and is continuing that has resulted or could reasonably be expected to result in or trigger any material limitation, reduction, suspension, withholding or other restriction on distributions to the applicable Guarantor pursuant to the terms of the Limited Liability Company Agreement for such Fund, except as is already reflected in the Base Case Model.

There are no threatened in writing or ongoing audits, challenges, or other actions regarding (i) the tax structure, tax basis, tax characterization or tax-related legal compliance of any Fund or any Project owned or leased by any Fund, as applicable, or (ii) any ITC, Grant or other tax benefit or any other incentive claimed, awarded or received (or expected to be claimed, awarded or received) by or to a Fund or with respect to any Project owned or leased by any Fund, as applicable. Any prior audit, challenge or other action regarding the foregoing has been resolve in a manner that is not adverse to any Fund or its direct or indirect owners.

No Tax Equity Member (or any of its Affiliates or employees) has made a claim under any indemnity or otherwise in contract or in tort against a Fund.

All preferred return payments required to be made to any Tax Equity Member pursuant to any Limited Liability Company Agreement have been made.

All contingent true-up payments required to be made pursuant to any Fund Limited Liability Company Agreement have been made. The only Funds with contingent true-up payments reasonably expected to come due following the Closing Date are Vivint Solar Fund X Project Company, LLC, Vivint Solar Fund XIV Project Company, LLC, and Vivint Solar Nicole Master Tenant, LLC.

As of the Closing Date, the cash distribution percentages, with respect to distributions to the applicable Guarantors and the Tax Equity Members, for each Fund are accurately reflected in the Base Case Model.

Neither any Guarantor nor any Fund has conducted any business other than the business contemplated by the Portfolio Documents applicable to such Guarantor and such Fund.

The total purchase price paid by each Fund for the Projects was not greater than the fair market value of such Projects.

[***] DESIGNATES PORTIONS OF THIS DOCUMENT THAT HAVE BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND FILED SEPARATELY WITH THE COMMISSION.

Exhibit 31.1

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: November 8, 2016

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

Exhibit 31.2

I, Dana C. 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: November 8, 2016

/s/ Dana Russell

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

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David Bywater, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Vivint Solar, Inc. for the quarterly period ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Vivint Solar, Inc.

November 8, 2016.

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

Exhibit 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Dana C. Russell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Vivint Solar, Inc. for the quarterly period ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Vivint Solar, Inc.

November 8, 2016.

/s/ Dana Russell
Dana Russell
Chief Financial Officer and Executive Vice President