



Whose roof is it anyway?

There is, in north Oxford, a house with a 25ft fibre glass shark attached to its roof. If you doubt me have a look on Wikipedia. I have no idea whether the homeowners have a mortgage and, if so, if their lenders had something to say about this "improvement" made in 1986. Rather less exotic additions to roofs are however in the news again and lenders are very interested.

The Energy Act 2008 introduced a system of Feed-in tariffs ("FIT's") to incentivise small-scale low carbon electrical generation. The idea behind the Act was to encourage power generation by smaller scale operators (<5MW) such as from domestic turbines and solar panels.

FIT's went live on 1 April 2010 and since then a new market has emerged in the installation of solar panels onto roofs in the UK. Typically the panels are owned by the provider and a long lease granted of the airspace on the roof. In return, the homeowner enjoys "free" electricity and passes the FIT payment to the provider.

There are obvious considerations here for prospective customers including any planning consents which might be needed. Less obviously though your mortgage lender will most likely have the right to veto any decision to proceed with such a lease. This power comes from the mortgage terms and conditions signed up to when the mortgage was started. The reason is that lenders worry about the value of their security and any changes which might make it less saleable.

A useful guidance note has been prepared by lenders to help address the issues that can arise between homeowners and their lenders in this new situation. This sets out the process for seeking lender consent and can be found at <http://www.cml.org.uk/cml/policy/guidance>. A supporting accreditation scheme exists for providers (Microgeneration Certification Scheme) and this is referred to in this guidance.

Whilst this collective approach will bring greater certainty to this new market, Lenders will inevitably want to satisfy themselves about the effect of the lease and the panels. The advice must be to do your research before you get near signing up. One thing is certain though and that is that with energy costs rising "microgeneration" will be word we all hear a lot more of in the next decade.

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