

The background features a large, stylized number '4' composed of several overlapping trapezoidal shapes. These shapes contain blurred images of financial data, including bar charts, line graphs, and numbers like '702.5', '1,508', and '\$'. The color palette is primarily blue and white, with some yellow and orange accents in the top left.

Basics of Mechanics' Lien Underwriting & Coverage

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Disclaimer

This underwriting guideline represents my opinion as a professional and is based on my understanding of the coverage, developed over 25 years of serving the renewable energy industry. You should always confirm my understanding by communication with your underwriter. If there's a disagreement, that's not proof that I'm right or wrong, it just illustrates the point that reasonable minds differ. Trust your gut. If you feel you have a good coverage argument, present it. There's a decent chance your gut is right.

Mechanics' and Materialmens' Liens

- What are they?
- Why do they exist?
- How protected are they?



Title Insurance Over ML Rights

- The question of “priority”
- Why do lender’s desire/require title insurance coverage over M&MLs?
- What if the request comes from a NON-lender?



Interim Certification ML Coverage

- The Claim Of The Century
- How is the coverage limited today?
- What's the real risk?
- Managing versus eliminating the risk
 - Waiver Review

State Law Considerations

- The Good States – MA, NC, UT, FL, others
- The Bad States – CO, OR, CA, others
- The No State – TX
- The advantages of establishing consistency
- What's the difference?



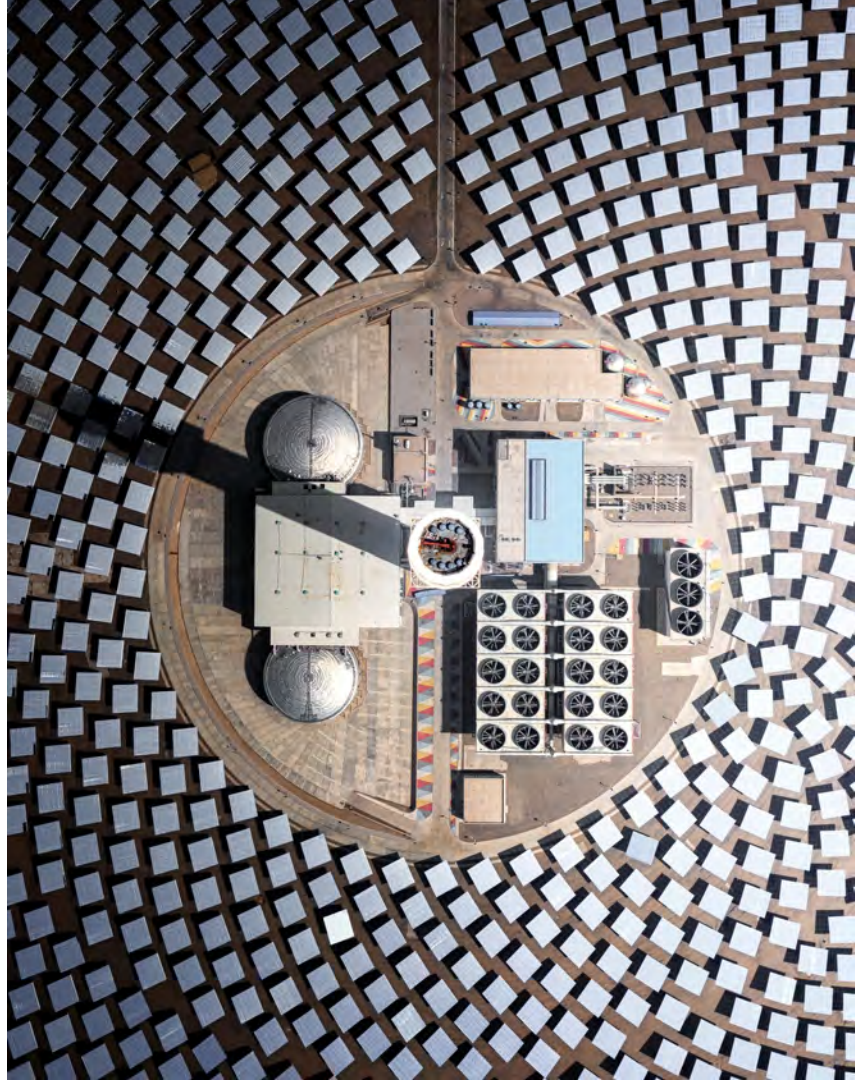


The Forms of Coverage

- ALTA 32 indirect payments & ALTA 32.2 direct payments
- What's the difference?
- Is there REALLY a difference?
 - The arithmetic Case
 - Direct payments
 - The SUC perspective
- ALTA 33 Disbursement endorsement

The Underwriting Process – Pt. 1

- The “national standard” for energy transactions
- Sources and Uses –
 - Equity, average draw size
- Sworn Statement -
 - Lien threshold
 - Major subs
 - Supply contracts?





The ML Underwriting Process – Pt. 2

- Indemnification (32.2)
 - Pay-if-paid indemnification from the EPC/GC
 - Project co indemnification
- Indemnification (32)
 - Parent-level indemnification (!!!!!!!)
 - Requires financial review

The ML Underwriting Process – Pt. 3

- Unconditional/conditional waivers
 - Approved form
 - For work completed to date
 - Non-liable matters
- Proof of payment of supply contracts
- Subordinations???



Getting SUC Approval

- Use the Energy Supplement
- No need for separate ML form
- Know your deal and the State Law!
- Offer 32.2 coverage



Collaborating With The Borrower

- Non-recourse debt
- Reluctance to indemnify
- Shift the responsibility to the EPC
 - It's the same risk to another obligee
- Lower the underwriting bar
- The cost of the coverage



Things To Consider

- No equity
 - The O's and L's policy amounts
- Disbursements to the developer
 - Review the disbursement arrangement
- OWNER'S mechanics' lien coverage
 - When can you offer it?
 - What is required?
 - Modifying the standard exception

Thank You.



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