Consider Farm Credit
Before Signing a Solar Lease

Engage an Attorney
Solar leases vastly change the character of the property, tend to be long-term, and involve large amounts of money. Therefore, before signing documentation relating to a potential solar lease, Farm Credit Illinois ("FCI") advises members retain an attorney to review the proposed lease and represent the member's interests in negotiating terms with the solar company.

Work with Farm Credit Illinois
Before entering into a lease with a solar company, FCI mortgages obligate members to first obtain FCI's consent through a loan servicing request. FCI will generally consent to the execution of a solar lease. However, FCI will enforce its mortgage rights to prevent the construction of solar facilities on its collateral unless the solar company provides a restoration bond that is acceptable to FCI. FCI requires that acceptable bonds have the following characteristics:

1. The bond must be available prior to construction of solar facilities or loan closing.
2. At all times, the bond must provide an amount equal to the cost of deconstruction as identified in the deconstruction plan required by state law.
3. The bond must list as beneficiary the county in which the collateral is situated, the landowner, FCI, or some combination of the three.
4. The bond must not be a corporate guaranty from an affiliate of the solar company.
5. The bond must be approved by FCI's credit or legal department.

In addition to the restoration bond, FCI requires solar companies to agree to the below provisions. While FCI enforces these requirements via its Subordination Non-Disturbance and Attornment Agreement with the solar company, which is required prior to the solar company constructing panels on FCI collateral, solar companies more willingly agree to these requirements when they are contained in the lease.

- The solar company must enter a Standard Agricultural Impact Mitigation Agreement without amendment unless the amendment is approved by FCI.
- The solar company must be prohibited from allowing any hazardous substances, such as lead or cadmium, from entering the soil and obligated to promptly clean up any such hazardous materials its operations may introduce to the property.
- The solar company must be prohibited from assignments of their lease rights unless the assignment is (i) made prior to commencement of construction of any solar facilities and the assignee is an affiliate of solar company; or (ii) made after commencement of construction of any solar facilities and the solar company has secured a restoration bond acceptable to FCI.
- The solar lease must provide that each acre encumbered by the lease either (i) receives rent equal to the highest rent paid for any acre subject to the lease, or (ii) remains available for agricultural activities consistent with the uses occurring prior to the lease.
- The lease must not include any other provisions that adversely affect the value of the collateral.

These are Farm Credit Illinois' primary areas of concern but are not the only areas of concern with respect to solar leases. FCI strongly recommends that members retain legal counsel to review the lease and related documents to protect their interests.