

DIVIDEND SOLAR GREEN USE OF PROCEEDS SECURITIZED BONDS

**DIVIDEND SOLAR LOANS 2017-1 LLC
DIVIDEND SOLAR LOAN BACKED NOTES, SERIES 2017-1**

**FRAMEWORK OVERVIEW AND OPINION BY
SUSTAINALYTICS**

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1. INTRODUCTION

Dividend Finance, LLC (“Dividend Finance”, or the “Company”) is a California-based specialty lender providing financing in the clean energy space through residential solar loans in addition to residential and commercial PACE assessments. Dividend Solar Finance LLC (“DSF”), a wholly-owned, indirect subsidiary of Dividend Finance, conducts the Company’s residential solar loan business, including originations and servicing. Dividend Finance was formed through the merger of Dividend Solar, Inc. (“DSI”) and Figtree Finance Company in 2016.

The Company intends to issue Green Use of Proceeds Securitized Bonds¹ (the “Green Bonds”) with a series of notes (the “Notes”) issued by a special purpose entity and collateralized by a portfolio of residential solar loans (the “Solar Loans”). The Notes will be secured by Solar Loans that are incurred by homeowners to finance the purchase and installation of solar energy systems on their residences. These loans will be secured by the related solar energy systems. Dividend engaged Sustainalytics to review the framework of the Green Bonds and to provide an opinion on the alignment of the Green Bonds with the Green Bond Principles 2017 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”). Where applicable, references to “Dividend” or the “Company” refer to Dividend Finance, DSF or DSI in connection with solar loan origination and servicing practices.

Sustainalytics engaged members of Dividend management’s team to understand the sustainability impact of the Green Bonds’ issuance, reviewed corporate information, deal documentation and the allocation of the proceeds from the issuance of the Green Bonds. Sustainalytics also reviewed public and internal deal documentation from Dividend specifically relevant to the Green Bonds. This document contains two sections: Framework Overview – summary of the Dividend Green Use of Proceeds Securitized Bond Framework; and Sustainalytics’ Opinion – an opinion on Dividend’s issuance.

2. OVERVIEW OF ISSUER

Overview

Dividend operates an online lending platform that provides homeowners with loans to finance their purchase and installation of solar energy systems through a network of Dividend-approved third-party installers and marketing partners (“Installers” and “Marketing Partners”). Dividend’s loan program is specifically designed for the residential solar market. The Company’s \$0-down EmpowerLoan is secured by the solar energy system as opposed to a lien on the house. To fund its Solar Loan portfolio, Dividend partners with institutional investors seeking stable, lower-risk returns to create a more efficient lending market.² The Company relies on its “Approved Installation Partner Network” in 25 U.S. states to offer its loans to homeowners as a financing alternative to cash purchases or leasing of solar energy systems.

¹ A type of Green Bonds as described in the Green Bond Principles, 2017;

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

² <https://www.dividendsolar.com/faqs>

Dividend also administers the origination of residential and commercial Property Assessed Clean Energy (“PACE”) assessments, though the portfolio collateralizing the Notes consists solely of residential Solar Loans to homeowners.

Dividend’s Solar Loans

A Dividend-approved installation partner typically will engage potential customers to initiate the sale and financing by Dividend of a homeowner’s solar energy system. The Installer surveys the home for solar resource quality, prepares a preliminary system design, and models the expected electric energy generation from the solar energy system. Based on the resulting model, the Installer details the proposed solar energy system specifications and the homeowner’s potential energy cost savings from the recommended solar energy system. Dividend analyzes all Installer proposals as part of its Solar Loan approval process to ensure proper energy system specifications and the reasonableness and accuracy of the estimated homeowner savings. While a review of potential utility bill savings is a component of Dividend’s process, the Company does not underwrite specifically to customer savings. The Installer can offer various options to the customer to fund the purchase of the solar energy system (e.g., cash purchase, lease, power purchase agreement or loan financing). While marketing solar energy systems, an Installer can offer a Dividend Solar Loan as a potential means of financing the homeowner’s purchase and installation of their solar energy system.

Dividend employs a channel partner origination model that is comprised of a network of Installers and Marketing Partners through which the Company offers loans to homeowners to finance the purchase of solar energy systems on or at their residences. Dividend has approximately 485 Installers and Marketing Partners authorized to operate on Dividend’s loan origination platform. Dividend’s origination strategy for Solar Loans is focused on entering into partnerships, primarily with regional, quality-focused Installers as well as select Marketing Partners. Dividend believes that local and regional solar contractors will continue to experience sustained growth in their relative share of the U.S. residential solar market as compared to large, national competitors. By forging partnerships with local and regional Installers (as compared with a smaller number of larger national installers), Dividend reduces its concentration risk and creates greater diversification in its origination channel.

Dividend disburses loan proceeds directly to the Installer and/or Marketing Partner and/or other appropriate party in milestone-based disbursements, tied to achieving specified solar energy system-related installation events. The construction and installation process of a solar energy system is considered complete upon a borrower’s receipt of permission to operate (“PTO”) from their utility company. A PTO milestone signifies that the solar energy system is ready to generate and transmit energy. Dividend assesses a platform fee to Installers and Marketing Partners based on a certain percentage of the initial principal amount of the Solar Loan.

Please see Appendix 1 for a summary of the characteristics of the Solar Loans.

Securitization of Solar Loans

The Green Bonds will primarily be secured by a pool of Solar Loans incurred by homeowners to finance their purchase and installation of solar energy systems on their residences. The Solar Loans are secured by the related solar energy system. Dividend has acquired (through predecessor entities) or originated the pool of Solar Loans and will, as servicer of the Solar Loans, bill and collect payments, enforce the Solar Loans and monitor the performance of the Solar Loans.

Financed projects consist exclusively of residential Solar Loans that enable homeowners to afford the purchase and installation of their own solar energy systems. The Solar Loans were originated pursuant to terms of service (with approved Installers operating in Dividend's network that sell solar energy systems) and related items and services to customers that have been approved by Dividend for financing. Both the Installers and the equipment components used in the solar energy systems have been approved by Dividend, pursuant to its policies and procedures.

3. FRAMEWORK OVERVIEW

Dividend's issuance of the Green Bonds will use a framework that aligns with the four key pillars of the GBP, including: (i) the use of proceeds, (ii) process for project selection, (iii) management of proceeds, and (iv) reporting.

3.1 Use of Proceeds

The proceeds of the Green Bonds will be allocated to Solar Loans that finance solar energy systems that meet the following eligibility criteria.

3.1.1 Eligibility Criteria

To be eligible for the allocation of the Green Bond proceeds, the Solar Loans should fund projects that must meet the following criteria:

- a. Fall within selected renewable and alternative energy product categories
 - i. Solar panel modules
 - ii. Solar inverters
 - iii. Services related to the installation of products under i. and ii.
- b. Installed by a Dividend-approved Installer
- c. Deployment of equipment approved by Dividend

Dividend determines the eligibility of the projects financed based on Installer approval policies and equipment qualification criteria. Eligible projects must be undertaken with Dividend's "Approved Installers" and use equipment from the "Approved Vendor List" (as outlined in Appendix 2).

3.2 Project Evaluation and Selection Process

Application of Eligibility Criteria in Solar Loans Selection

All projects approved by Dividend meet the eligibility criteria described above. Dividend then leverages proprietary technology and processes to evaluate and approve prospective customers seeking to obtain a Solar Loan. The Company deploys its custom credit-underwriting algorithm to determine if a homeowner meets Dividend's credit underwriting requirements. This allows Dividend's credit underwriters to make an immediate and informed decision on whether to approve a customer for financing. If the customer meets Dividend's underwriting requirements and the project satisfies Dividend's criteria, funds are dispersed to the Dividend-approved Installer to commence installation.

Customer application and the Installer's proposed energy system are reviewed by Dividend in a timely manner while the timeline for installation of the system, installation milestone payments and PTO varies from state to state and from utility to utility.

Alignment of Solar Loans to Dividend's Strategy

Dividend's mission is to promote a more sustainable and distributed resource future through technology-enabled financial innovation. In the Company's view, residential solar represents the area of renewable energy where attractively priced consumer loans facilitate the most significant impact in line with its mission.

3.3 Management of Proceeds

The Company disclosed that total proceeds in respect of the Notes that are collateralized by the pool of Dividend Solar Loans are approximately USD \$128,950,000. The transaction benefits from credit enhancement in the form of overcollateralization, subordination of Notes, excess interest and a liquidity reserve account. Overcollateralization is created by the principal balance of Solar Loans exceeding the aggregate principal balance of the Notes, as well as the application of interest in excess of the coupon payments on the Notes.

The proceeds from the issuance of the Notes will be used by the securitization issuer to acquire the Solar Loans and to pay certain expenses incurred in connection with the issuance of the Notes.

The Notes will be secured by all of the Solar Loans acquired by the securitization issuer, and Dividend has disclosed that the principal balance of the Solar Loans as of the transaction's cut-off date (July 31, 2017) will be approximately USD \$135,736,789.

The proceeds of the Notes are immediately directed to the underlying depositor that will acquire and convey the Solar Loans to the issuer of the Notes. The Solar Loans are owned by Dividend (or affiliates thereof) or pledged to Dividend's warehouse financing facilities prior to their sale to the securitization issuer. The Solar Loans will be conveyed to the securitization issuer upon the issuance of the Notes, resulting in full allocation of the Notes proceeds to the Solar Loans.

3.4 Reporting

Allocation Reporting

As all of the initial proceeds in respect of the sale of the Notes will be immediately allocated to (or for) the acquisition of the Solar Loans, verification on allocation of the proceeds will be disclosed in the offering memorandum upon the issuance of the Notes.

Impact Reporting

Dividend utilizes a proprietary calculation model that estimates the renewable energy generating capacity of the solar energy systems that are financed by the Solar Loans.

Dividend reports on assumed impact in the following area:

Renewable Energy Generation

1. Methodology
 - Aggregate capacity of the solar energy systems in Megawatts
2. Specific Impact Metrics
 - Aggregate capacity of the solar energy systems in Megawatts (DC, direct current)
 - Total assumed renewable energy produced by the solar energy systems (during assumed useful life) in Megawatt hours

Please see Appendix 3 for an overview of the assumed environmental impact for the solar energy systems funded by the Solar Loans collateralizing the Notes.

4. SUSTAINALYTICS' OPINION

Section 1: Sustainalytics' Opinion on the Dividend Solar Framework

Dividend is a pure-play issuer providing diversified renewable energy systems through its residential solar loan program and its residential and commercial PACE administration efforts. Overall, Sustainalytics is of the opinion that the Dividend Green Use of Proceeds Securitization Bond Framework has clear environmental impact as it supports investment in residential renewable energy projects.

The strength of Dividend's framework derives from the following factors:

- Dividend's asset-backed securitization ("ABS") of rooftop Solar Loans is aligned within the four recognized types of Green Bonds as described in the Green Bond Principles 2017.
- Dividend reports on the aggregated renewable energy generating capacity of the solar energy systems it has funded and the total assumed renewable energy produced during the lifetime of the projects. These metrics provide investors insights on the scale of the impact of the solar energy systems funded by the Notes.
- Dividend allocates the proceeds of the Notes to the Solar Loans that are backed by the solar energy systems, as managed through Dividend's installation and residential Solar Loan program. The Notes are secured by the Solar Loan portfolio and benefit from credit protection in the form of overcollateralization, Note subordination, excess interest and a liquidity reserve account. Dividend will use proceeds of the Notes issuance to repay a portion of its warehouse funding, thereby enabling the Company to offer new Solar Loans.
- Given the alignment of Dividend's issuance with its overall strategy and the fact that the Company is not implicated in severe environmental, social or governance controversies, Sustainalytics is of the opinion that Dividend is well-positioned to issue green bonds.
- Sustainalytics is of the opinion that Dividend deploys a rigorous consumer, Installer, equipment and system underwriting process which ensures the Solar Loan proceeds underlying the Notes are disbursed to reputable Installers in respect of projects that meet the Company's established criteria. Moreover, those proceeds are disbursed from Solar Loans to homeowners who have been approved and meet Dividend's credit underwriting metrics.

Alignment with Green Bond Principles 2017: Sustainalytics has determined that the issuance of the Notes aligns with the pillars of the Green Bond Principles 2017. For detailed information please refer to the Green Bond/Green Bond Programme External Review Form in Appendix 5.

Section 2: Impact of Use of Proceeds

The rise of residential solar has led to an unprecedented growth in renewable energy capacity. Dividend’s programs incentivize homeowners and offer an effective way to promote the uptake of renewable energy-generating products in the US, based on the fact that Dividend’s customers are able to: (1) own their solar energy system and (2) apply for federal tax credits.

Leasing or using power purchase agreements (PPA) was a necessary, temporary solution that sparked the original growth of residential solar.³ Solar leases and similar contracts rose from 42% of home solar sales in 2011 to 72% in 2014; however, that share is projected to drop to 57% by 2017 with consumers increased ability to own solar assets at the end of the loan term.⁴ Sustainalytics is of the opinion that the social incentive to own solar assets provides an additional motivation for homeowners to switch from conventional energy sources.

Several policies at the federal, state, and local levels have helped to spur adoption of solar energy in the United States. The bulk of support has come from the federal solar tax credit (“ITC”) that is available to taxpayers making investments in new solar energy systems. The ITC generally provides an incentive for such investments by giving taxpayers a credit of up to 30% of the acquisition cost for new solar energy systems placed in service before specified deadlines. Dividend’s customers generally may claim a credit against their federal income taxes so long as their solar energy system is placed in service before expiration of the ITC⁵.

Alignment with Sustainable Development Goals: The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. Dividend’s Solar Loans advance the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

³ Greentech Media; <https://www.greentechmedia.com/articles/read/its-official-more-residential-solar-customers-buy-than-lease>

⁴ MarketWatch, Inc.; http://www.marketwatch.com/story/why-more-people-now-own-their-homes-solar-panels-instead-of-lease-them-2016-06-16?utm_campaign=Daily+Newsletter&utm_source=hs_email&utm_medium=email&utm_content=30924733&_hsenc=p2ANqtz-_muKd-W6y7P_wZftP6jl1cwmyqgoOmTNL0UmFPuZL5QsjcT0vP8DaoJGNue-oKBH3i5EuKS7timO8dZxUMq-OjXkC_NYN_CReZevMpRKfiEnacmLQ&_hsmi=30924733

⁵ Solar Energy Industries Association; <http://www.seia.org/policy/finance-tax/solar-investment-tax-credit>

Section 3: Conclusion

Dividend's issuance of the Notes supports investment in residential renewable energy projects by providing financing solutions to homeowners with loans financing residential solar energy system installations. Through the issuance of the Notes, Dividend supports investments in residential renewable energy projects by raising additional funds to provide financing to homeowners with loans that will directly enable the sale and installation of residential solar energy systems. Sustainalytics is of the opinion that Dividend's Green Use of Proceeds Securitized Bonds Framework is aligned with the pillars of the Green Bond Principles 2017 and is robust and credible. Additionally, the issuance of the Notes is aligned with current market standards and industry norms.

APPENDICES

Appendix 1: Summary of Dividend’s Solar Loan Portfolio Collateralizing the Notes

	Combined Statistical Solar Loan Portfolio as of the Cut-Off Date
	<hr/>
Aggregate Solar Loan Balance	\$135,736,789
Number of Solar Loans	5,852
Average Solar Loan Balance	\$23,195
Range of Solar Loan Balances	\$45 to \$130,100
Average Original Solar Loan Balance	\$26,837
Weighted Average Current Coupon Rate	6.60%
Range of Current Coupon Rates	2.99% to 9.99%
Weighted Average Original Term to Maturity	230 months
Range of Original Terms to Maturity	144 to 240 months
Weighted Average Remaining Term to Maturity	218 months
Range of Remaining Terms to Maturity	128 to 239 months
Weighted Average Seasoning	8 months
Range of Seasoning	0 to 33 months
Weighted Average Credit Score at Origination	753
Range of Credit Scores at Origination	653 to 842
Top Three States	California (25.15%) Utah (14.48%) Texas (10.13%)

Appendix 2: Summary of Dividend's Installer Approval Process and Approved Energy System Vendor & Equipment Overview

Dividend's Installer Approval Policies and Procedures

Dividend permits an Installer to access Dividend's "Installer Portal" only after such Installer has been underwritten, evaluated and approved by Dividend's PV Operations Team and designated as an "Approved Installer". Dividend's PV Operations Team is comprised of leading solar industry professionals who are responsible for ensuring complete asset quality assurance through initial Installer qualification, equipment performance, individual site quality installation, fleet monitoring, repairs and ongoing skilled trade development with Approved Installers.

Dividend's Installer Underwriting Program is comprised of seven due diligence components:

1. *Personnel Qualifications* – the site supervisor or designated responsible party for an Approved Installer must either have a North American Board of Certified Energy Practitioners Certification ("NABCEP") or be a licensed electrician;
2. *Work History* – An Approved Installer should be able to demonstrate five years of continuous operations in the solar photovoltaic ("PV") field, five megawatts of installed PV capacity, or 1,000 Solar Energy System installations;
3. *Trade Licenses* – An Approved Installer must hold and maintain all professional and trade licenses required by the state and local authority having jurisdiction for installation of Solar Energy Systems;
4. *Safety Record* – An Approved Installer must maintain a company health and safety manual, which establishes rules and procedures concerning workplace safety (including rules related to the reporting of health and safety problems, injuries, and unsafe conditions), risk assessment, first aid and emergency response. Further, the Approved Installer shall hold the following credentials:
 - the site supervisor or designated responsible party for an Approved Installer must have completed a minimum 10 hours of federal Occupational Safety and Health Administration (OSHA) Construction Industry training; and
 - all site personnel shall be equipped with complete personal protective equipment and must receive training to prepare for any hazards specific to their jobs;
5. *Financial Requirements* – Installers must provide their prior year's financial statements or tax returns and/or their most current balance sheet. Dividend's PV Operations team and Dividend's Finance team review Installer financials to determine the Installer's financial health and viability;

6. *Insurance Requirements* – An Approved Installer must maintain current and appropriate business insurance, including liability insurance and worker's compensation insurance. Commercial vehicle insurance is required if the Installer owns and operates a fleet of vehicles. Coverage generally includes:
- general liability: \$1,000,000 per occurrence; \$2,000,000 aggregate per policy;
 - workers' compensation: \$1,000,000 each accident, each employee, policy limits; and
 - automobile liability insurance, including coverage for liability arising out of the use of owned, non-owned, leased or hired automobiles, for both bodily injury and property damage in accordance with applicable law, with a limit of not less than \$1,000,000 combined single limit per occurrence; and
7. *Additional Documentation / Expanded Diligence* – In addition to the above items, in many cases Dividend reviews other documentation for each prospective Installer, including, but not limited to:
- Customer Installation Agreement (template agreement between Installer and borrower);
 - Form W-9;
 - photos of completed Solar Energy System installations; and
 - any additional documents or requirements that Dividend determines as necessary to ensure suitability for inclusion in its Approved Installer network.

Dividend also works with marketing firms ("Marketing Partners") who sell Solar Energy Systems on behalf of an Approved Installer. In those cases, Marketing Partners have a modified set of requirements, specific to their financial condition and other risks.

Upon receipt of an Installer's application documents, the Dividend PV Operations Team reviews the submitted diligence items for completeness, and ensures that the information provided conforms to Dividend's requirements. Any issues uncovered during the PV Operations Team's diligence review are presented to Dividend's Chief Commercial Officer, who makes the final onboarding decision to designate the Installer as an Approved Installer in such cases.

Certain of Dividend's Approved Installers provide performance guarantees to their customers in connection with the sale of the Solar Energy System to such customer. The performance guarantee obligates the Installer to cure underperformance if the Solar Energy System fails to generate a specified minimum amount of energy over a specified period (a "Production Guarantee"). The Production Guarantees are in addition to other basic warranties provided by the applicable manufacturer with respect to solar panels or inverters used in the Solar Energy System and are typically set at a level of production that is less than that warranted by the applicable manufacturer. None of the Notes issuer, Dividend or its affiliates has any obligation with respect to any Production Guarantee.

Performance by Approved Installers is monitored by Dividend's PV Operations Team on an ongoing basis and an Installer may be deactivated and removed as an Approved Installer by Dividend's management at any time, based on a breach of the Installer's agreement with Dividend.

Dividend's Manufacturer Approval Policies and Procedures

Approved Installers are required to use solar panels and inverters manufactured by manufacturers specified on Dividend's "Approved Manufacturer List". The Approved Manufacturer List is a list of equipment providers approved by Dividend that manufacture or distribute solar panels and/or inverters used in the Solar Energy Systems financed by Dividend. Such manufacturers and their equipment must satisfy criteria adopted from time to time by Dividend. Dividend's current criteria have been adopted by Dividend's PV Operations Team based on its review of (i) information supplied by the vendors, (ii) third party reports (including independent engineer reports), (iii) other analysis regarding performance of the Solar Energy System components, and (iv) other relevant criteria.

Dividend's Approved Manufacturer List for the Dividend Solar Loans ABS 2017-1 securitization includes the following manufacturers:

Approved Solar Panel Modules:

Module Manufacturer	Date Added	Date Removed
Amerisolar	1/1/2015	7/20/2016
Astronergy	1/1/2015	9/16/2016
AU Optronics	2/2/2016	N/A
Auxin Solar	1/1/2015	N/A
Axitec Solar	1/1/2015	N/A
BenQ	1/1/2015	N/A
Boviet	1/1/2015	N/A
Canadian Solar	1/1/2015	N/A
Centro Solar	1/1/2015	N/A
CertainTeed	8/24/2017	N/A
C-Sun	2/4/2016	5/12/2017
EcoSolargy	2/4/2016	N/A
Flextronics	2/4/2016	N/A
FreeVolt	8/15/2017	N/A
Grape Solar	5/20/2016	5/1/2017
Hansol	9/12/2017	N/A
Hanwha QCELLS	1/1/2015	N/A
Hanwha SolarOne	1/1/2015	N/A
Heliene	2/4/2016	N/A
Hyundai	9/1/2014	N/A
JA Solar	1/1/2015	N/A
Jinko	2/4/2016	N/A
Kyocera	1/1/2015	N/A
LG Electronics	1/1/2015	N/A
Lifeline Energy	1/1/2015	N/A
Lightway	1/1/2015	N/A
Mission Solar	12/14/2016	5/15/2017
Panasonic	7/21/2015	N/A

Peimar	3/30/2017	N/A
Phono Solar	7/21/2015	N/A
REC Solar	1/1/2015	N/A
Recom	10/11/2016	N/A
ReneSola	1/1/2015	N/A
S-Energy	2/4/2016	5/1/2017
Sainty Solar	9/12/2017	N/A
Seraphim	6/13/2017	N/A
Sharp	7/21/2015	5/1/2017
Silevo	1/1/2015	9/16/2016
Silfab	7/21/2015	N/A
Solar Frontier	4/10/2017	N/A
SolarTech	2/7/2016	5/1/2017
SolarWorld	11/1/2014	5/15/2017
Stion	9/26/2016	N/A
SunEdison	1/1/2015	4/19/2017
Suniva	1/1/2015	5/10/2017
SunPower	11/1/2014	N/A
SunTerra	6/22/2017	N/A
SunPreme	2/4/2016	5/1/2017
Talesun	2/4/2016	5/1/2017
Trina Solar	1/1/2015	N/A
Upsolar	10/1/2014	N/A
WINAICO	1/1/2015	N/A
Yingli	2/4/2016	5/20/2016

Approved Inverters:

Inverter Manufacturer	Date Added	Date Removed
ABB	1/1/2015	9/16/2016
APS	1/1/2015	N/A
Enphase	1/1/2015	N/A
Fronius	1/1/2015	N/A
Kaco	7/9/2015	N/A
LG	1/1/2015	9/16/2016
Mage	7/21/2015	9/16/2016
NEP	7/21/2015	4/3/2017
Pika Energy	3/10/2017	N/A
Siemens	2/2/2016	5/1/2017
SMA	9/1/2014	N/A
SolarEdge	9/1/2014	N/A
Solectria	9/1/2014	9/16/2016
SunPower	9/1/2014	5/10/2017

Appendix 3: Impact Statistics for Dividend Solar Loans 2017-1

Environmental Impact	Impact Metrics	Impact Figures
Total capacity of solar energy systems financed by solar loans backing the Notes	Megawatts (DC)	Approximately 44.869 MW
Total assumed renewable energy produced by solar energy systems (during assumed 30 years of useful life)	Megawatt hours	Approximately 1,771,149.07 MWh

Appendix 4: Documents Reviewed

Sustainalytics reviewed the following documents for the purposes of writing this report:

	Document Name
1	Dividend Solar Loans 2017-1 Preliminary Offering Memorandum
2	Asset Pool (Loan Tape)
3	Dividend Installer and Equipment Approval Policy

Appendix 5: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Dividend Solar

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Dividend Solar Green Use of Proceeds Securitized Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: August 31, 2017

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW

Please refer to Green Bond Framework and Second Opinion Document above.

Sustainalytics is of the opinion that the issuance aligns with current market standards and norms, including the four pillars of the Green Bond Principles 2017. The use of proceeds, project selection, management of proceeds, and reporting are robust and credible.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section:

Financed projects consist solely of residential Solar Loans and projects must be undertaken by Dividend’s Approved Energy System Vendors and Equipment. Renewable Energy is an eligible green project category, as it contributes to climate change mitigation and the sustainable use of natural resources.

Dividend is a solar energy system financier and its solar loans offer an effective way to promote the uptake of renewable energy-generating products in the United States. Dividend incentivizes homeowners to install solar systems and products by offering loans to homeowners. Dividend allocates the proceeds from the Notes to Solar Loans, which are backed by the projects and products managed through Dividend’s solar loan program. Based on the review of the project category, Sustainalytics is confident regarding the green credentials of the use of proceeds.

Use of proceeds categories as per GBP:

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Sustainable management of living natural resources
- Terrestrial and aquatic biodiversity conservation
- Clean transportation
- Sustainable water management
- Climate change adaptation
- Eco-efficient products, production technologies and processes
- Other (*please specify*):
- Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section:

All solar loans that are referred by Dividend and comply with the eligibility criteria may be funded.

Based on the review of Dividend’s processes and assessment criteria used to select vendors and eligible customers, Sustainalytics is of the opinion that Dividend’s evaluation process credible.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other: | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section:

The proceeds of the Notes are immediately directed to the underlying securitization trust that will acquire and hold the Solar Loans on behalf of the issuer of the Notes. The Solar Loans are currently owned by Dividend (or affiliates thereof) or pledged to its warehouse financing facilities prior to their sale to the issuer of the Notes. The Solar Loans will be assigned to the underlying trust upon the issuance of the Notes, resulting in full allocation of the Notes proceeds to the Solar Loans.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in a systematic manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other

Additional disclosure:

- | | |
|---|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section:

As all of the initial proceeds in respect of the sale of the Notes will be immediately allocated to the acquisition of the Solar Loans, verification on allocation of the proceeds will be disclosed in the offering memorandum upon the issuance of the Notes. Dividend utilizes a proprietary calculation model that estimates the renewable energy generating capacity of the solar energy systems that are financed by the Solar Loans.

Sustainalytics is of the opinion that Dividend's reporting practices are in line with industry best practices.

Use of proceeds reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Information reported:

- Allocated amounts
- Other *(please specify)*:
- GB financed share of total investment

Frequency:

- Annual
- Other: *Upon Issuance*
- Semi-annual

Impact reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Frequency:

- Annual
- Other: *Upon Issuance*
- Semi-annual

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Other ESG indicators *(please specify)*:
Renewable energy generating capacity and Assumed Renewable Energy produced (over the assumed useful life of the equipment)
- Energy Savings

Means of Disclosure

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed *(if yes, please specify which parts of the reporting are subject to external review)*:
- Information published in sustainability report
- Other *(please specify)*:

USEFUL LINKS

<https://www.dividendsolar.com/about>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
- Verification / Audit Rating
- Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer’s Green Bond framework. “Second opinions” may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer’s ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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