Mosaic Solar Loan Trust 2022-3

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Fitch's related Rating Action Commentary issued at transaction closing will include final ratings, which will include an assessment of any material information that may have changed subsequent to the publication of the presale.

Representations, Warranties and Enforcement Mechanisms Appendix

Capital Structure

Class	Expected Rating	Outlook	Amount ($ Mil.)	CE (%)	Interest Rate (%)	Legal Final Maturity
A	AA–sf	Stable	114.0	49.2	Fixed – TBD	June 2053
B	A-sf	Stable	74.3	15.2	Fixed – TBD	June 2053
C	BBBsf	Stable	12.1	9.7	Fixed – TBD	June 2053
D	BBsf	Stable	5.3	7.2	Fixed – TBD	June 2053
R	NRsf	N.A.	12.7	0.0	Residual	June 2053
Total Rated Notes			**205.7**			

Notes: Credit enhancement (CE) is based on an adjusted collateral portfolio of $218.4 million, excluding the yield supplement OC, and a reserve fund of about $3.1 million, equal to 1.4% of the balance of the adjusted collateral portfolio. For additional details, see Credit Enhancement.

Fitch Ratings expects to rate Mosaic Solar Loan Trust 2022-3 (Mosaic 2022-3) transaction's class A, B, C and D notes as listed above. This is a securitization of consumer loans backed by residential solar equipment. The originator is Solar Mosaic, LLC, one of the longest established solar lenders in the U.S.; it has advanced solar loans since 2014.

Key Rating Drivers

Limited History Determines 'AAsf' Cap: Residential solar loans in the U.S. have long terms, many of which are now at 25 years (and a small portion at 30 years). For Mosaic, more than seven years of performance data are available, which compares favorably with the other solar ABS that Fitch currently rates and the solar industry at large.

Extrapolated Asset Assumptions: Fitch considered both originator-wide data and previous Mosaic transactions to set a lifetime default expectation of 8.3%. Fitch has also assumed a 30% base case recovery rate. Fitch's Rating Default Rate (RDR) for 'AA–sf', 'A–sf', 'BBBsf', 'BBsf' are, respectively, 33.5%, 24.9%, 20% and 13.7%. Fitch's Rating Recovery Rate (RRR) for 'AA–sf', 'A–sf', 'BBBsf' and 'BBsf' are, respectively, 19%, 21.8%, 23.3% and 25.5%.

Target OC and Amortization Trigger: The class A and B notes will amortize based on target overcollateralization (OC) percentages. The target OC is 100% of the outstanding adjusted balance for the first 16 months, ensuring that there is no leakage of funds initially, irrespective of the collateral performance; then it falls to 10.5%. Should the escalating cumulative loss trigger be breached, the payment waterfall will switch to turbo sequential, deferring any interest payments for class C and D and thus accelerating the senior note deleveraging. The repayment timings of classes C and D are highly sensitive to the timing of a trigger breach.

Standard, Reputable Counterparties; No Swap: The transaction account is with Wilmington Trust and the servicer's collection account is with Wells Fargo Bank. Commingling risk with regard to the latter is mitigated by transfer of collections within two business days, the high initial ACH share and Wells Fargo's ratings. A reserve fund can be used in certain cases to cover defaults and provides the notes with liquidity. It would not be replenished, if used, as long as the cumulative loss trigger is breached. As both assets and liabilities pay a fixed coupon, there is no need for an interest rate hedge and, thus, no exposure to swap counterparties.

Established Specialized Lender: Mosaic is one of the first-movers among U.S. solar loan lenders, with the longest track record among the originators of the solar ABS that Fitch rates. Underwriting is mostly automated and in line with those of other U.S. ABS originators.

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Highlights

Effect	Description
Neutral	**Approach to Residential Solar Assets:** Fitch considers the consumer ABS approach appropriate for analyzing solar ABS given the similarity of the main risk drivers (see Sector Risks: Additional Perspective). The default analysis applied to the asset class begins from historical originator-specific and outstanding Mosaic securitizations to derive an ADR expectation to be applied through the loan life, giving consideration the high level of prepayments observed *(see Defaults)*, for series 2022-3, we also considered the differences with previous series. Although there are similarities to residential mortgages given the personal property liens, the differences in collateral, loan purpose, debt structure (loans and, outside this transaction, leases and power purchase agreements) and enforcement warrant the consumer loan approach.
+	**Strong Recovery Incentives for Solar:** While full recovery performance has yet to be observed, Mosaic's recovery rates are materially above peers. Furthermore, we expect solar loans' recovery potential to be well above that of unsecured loans because the photovoltaic (PV) equipment is likely to result in savings on utility bills, especially considering long-term energy price inflation and because the lender has the right to disconnect the system in charged-off accounts, even remotely. Additionally, the lien on the equipment makes it difficult for a defaulted borrower to sell their property, as new lenders would most likely not fund a mortgage until the title is cleared. See Recoveries and Appendix 1.
+	**Positive Borrower Demographics, Loan Characteristics:** Obligors are homeowners with strong WA FICO scores of 750. Additionally, high observed prepayment levels, both in originator data and outstanding securitizations, contribute to faster than expected deleveraging than suggested by the loan asset tenor.
+	**Comparison with 2022-2 Portfolio:** Compared to the previous series issued in August, this series has a higher weighted average (WA) FICO score (750 versus 741) and materially lower installer concentration (17% versus 34% for the largest installer). Additionally, about one-fifth of loans benefit from the new investment tax credit (ITC) at 30%, while the previous series' assets were virtually all based on 26% ITC. On the other hand, the share of Florida assets, which have a lower WA FICO, has increased to 23% from 17%, and so has the pre-PTO share, as noted below.
–	**Material Share of pre-PTO Loans:** The share of pre-PTO loans at the statistical cut-off date of Oct. 31, 2022 was 41.3% compared to 23.6% for series 2022-2; by Nov. 21, it fell to 23.8%. The originator expects that it will have further decreased to below 10% by the closing date. If within 90 or 120 days, depending on the state, after installation permission to operate (PTO) is not granted, Mosaic must repurchase the affected solar loan. If a repurchase is made, Mosaic must pay 100% of the outstanding principal balance of the solar loan and the accrued but unpaid interest.
Neutral	**No Libor Exposure:** The transaction has neither asset nor liability exposure to Libor.
Neutral	**Minimal Credit Relevance from ESG:** The highest level of ESG credit relevance is a score (ESG.RS) of '3', meaning that ESG issues are credit-neutral or have only a minimal credit relevance on the transaction, due to either their nature or the way in which they are being managed. See the ESG Navigator in Appendix 2 for details. For this transaction, the ESG general issue Energy Management was scored an ESG.RS of '3', which differs from the sector default score of '2'. PV systems qualify for ITC, which borrowers may apply as a partial loan prepayment, typically in the second year after installation. However, only about one borrower in eight does so (one in four, considering full prepayments), which might explain why cumulative default curves show limited flattening during the second year. These considerations are currently credit-neutral in having any direct effect on our assumptions. Expected savings on utility bills do not directly affect our default or recovery assumptions.

Source: Fitch Ratings

Applicable Criteria

Consumer ABS Rating Criteria (August 2022)

Global Structured Finance Rating Criteria (October 2021)

Structured Finance and Covered Bonds Counterparty Rating Criteria (July 2022)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (September 2021)

Key Transaction Parties

See the Counterparty Risk and Structure Diagram sections for more detail.

Key Transaction Parties

Role	Name	Fitch Rating
Issuer	Mosaic Solar Loan Trust 2022-3	NR
Originator/Servicer/Sponsor	Solar Mosaic LLC	NR

Key Transaction Parties

Role	Name	Fitch Rating
Subservicer[a]	Concord Servicing, LLC	NR
Backup Servicer/Verification Agent	Vervent Inc.	NR
Transaction Account Bank/Indenture Trustee/Collection Account Bank	Wilmington Trust, National Association	A/Negative/F1
(Servicer's) Collection Account Bank[a]	Wells Fargo Bank, N.A.	AA–/Stable/F1+

[a]Not a transaction party. NR – Not rated.
Source: Fitch Ratings, Mosaic

Transaction Comparisons

Fitch previously rated the Mosaic Solar Loan Trust 2022-2, Sunnova Helios X Issuer series 2022-C and GoodLeap Sustainable Home Solutions Trust 2022-1 transactions. Statistics for each transaction are summarized in the following table.

	Mosaic Solar Loan Trust 2022-3	Mosaic Solar Loan Trust 2022-2	Sunnova Helios X Issuer (2022-C)	GoodLeap Sustainable Home Solutions Trust 2022-1
Closing Date	December 2022 (est.)	August 2022	November 2022	February 2022
Originator	Solar Mosaic (NR)	Solar Mosaic (NR)	Sunnova Energy (B-)	GoodLeap (NR)
(Rated) Issuance Amount ($)	205,700,000	243,700,000	235,700,000	305,097,000
Portfolio Characteristics				
Aggregate Principal Balance ($)	307,906,983	325,002,209	389,588,674	396,229,326
Aggregate Adjusted Balance ($)	218,435,262	258,888,064	263,056,145	375,343,399
Aggregate Original Principal Balance ($)	307,906,983	327,198,489	391,083,218	399,632,914
Number of Loans	6,781	7,719	8,870	10,713
Average Original Loan Balance ($)	45,500	42,389	44,091	37,304
WA Original Term (Years)	24.3	24.0	24.8	23.3
WA Seasoning (Months)	2	4	2	3
WA FICO Score	750	741	735	742
Nonsolar Loans (%)	0.0	0.0	0.0	6.3
Interest-Only Loans (%)	0.0	0.0	0.0	19.6
ACH Payments (%)	82.6	88.6	69	93
Top 1/3/10 Installers (%)	17.0/32.9/48.6	33.6/42.3/57.1	19.4/42.6/63.7	18.5/28.2/47.1
Top 1/3/10 States (%)	23.2/65.4/85.3	21.0/56.9/82.1	27.5/60.2/91.4	25.4/54.2/82.1
Structural Characteristics				
Class A Rating (Initial OC %)	AA–sf (47.8)	AA–sf (51.8)	AA–sf (60.7)	Asf (33.4)
Class B Rating (Initial OC %)	A–sf (13.8)	A–sf (17.2)	Asf (30.1)	BBBsf (22.3)
Class C Rating (Initial OC %)	BBBsf (8.3)	BBBsf (10.4)	BBB–sf (10.4)	BBsf (14.5)
Class D Rating (Initial OC %)	BBsf (5.8)	BBsf (5.9)	N.A.	N.A.
Reserve Fund (% of Rated Notes)	1.5	1.3	1.7	1.0
Discount Rate (%)	7.7	5.30	6.00	3.25
Excess Spread, Inc. 'Asf' Stressed Fees (p.a.) (%)	0.2	(0.3)	0.0	0.4
Fitch Assumptions				
Base Case Default Rate (%)	8.3	9.0	9.9	11.1
Base Case Recovery Rate (%)	30.0	30.0	25.0	23.6
Base Case Loss Rate (%)	5.8	6.3	6.2	8.5
'Asf' Rating Default Rate (%)	27.4	29.7	32.6	37.4
'Asf' Rating Recovery Rate (%)	21.0	21.0	16.0	15.0
'Asf' Rating Loss Rate (%)	21.6	23.5	24.9	32.0
Prepayment Rate (p.a.)	10%	10%	5% Non-PR/1.25% PR	10% in years 1–3; 5% afterward

N.A. – Not available. OC – Overcollateralization. p.a. – per annum. WA – Weighted average.
Source: Fitch Ratings, Sunnova Energy

Sector Risks: Additional Perspective

Key Sector Risks

Sector or Asset Outlook	We have a neutral outlook for the residential solar ABS sector as more receivables continue to be originated and existing assets season. In addition, policy support is established and not expected to decline under the current federal administration. State-level administration is also supportive—see for example the rooftop solar mandate in California. The solar installer industry continues to mature and expand in breadth and, ultimately, supports servicing continuity for securitizations, as far as the underlying PV systems are concerned.
Macro or Sector Risks	In Fitch's opinion, changes in unemployment and GDP growth rates are key drivers of consumer ABS performance. Specifically, with regard to residential solar assets, federal and state-level policy support may affect future performance, but we see this mainly as an upside risk.
Relevant Research	We have commented on residential solar ABS, including potential rating caps and the key analytical considerations, in "Asset Quality, Improving Data Support US Residential Solar ABS" (September 2021). Other Fitch research reports on solar and renewables include: ESG in Credit — Energy and Fuel Management Issues (April 2021) Renewable Energy Economics to Bring Disruption in 2020s (April 2021) Global Renewables Performance Review (Solar and Wind Withstand Pandemic) (March 2021)

Source: Fitch Ratings

Asset Analysis

Asset Characteristics

The solar loans finance PV systems with terms of 10 years to 25 years (with a small portion at 30 years). Original loan balances are between $10,000 and $135,000. The loans are fully amortizing and pay a fixed coupon up to 8.7%. There are no prepayment fees, and further prepayments could reduce the monthly installment.

PV systems and batteries currently benefit from the U.S. ITC and are typically structured under the assumption that, within 18 months of installation, the homeowner would claim the associated ITC and prepay the solar loan for a corresponding amount. During 2022, the U.S. administration increased the ITC rate to 30% from 26% and 21% of the portfolio is on the former.

This is not an obligation, and indeed, a borrower may choose to use the tax savings for other purposes. In fact, most borrowers do not apply the ITC. As a result, most of the borrowers that remain in the portfolio will see their monthly installment increase from the second year.

All loans are secured by a UCC-1 (Uniform Commercial Code) filing to perfect the security interest and a county filing, which gives public notice of the presence of the loan. While the loan is secured by the personal property and not the home, the presence of the lien creates a strong incentive for a defaulted borrower to repay the debt, as a subsequent buyer will find it difficult to get mortgage financing with the lien outstanding. If the borrower refinances the mortgage loan, Mosaic may temporarily suspend the county filing so the lien does not impair the homeowner's ability to refinance.

The servicer can also disconnect the system if the borrower goes delinquent, which increases the utility bills that the PV system is meant to lower — a powerful incentive. See Recoveries for the effect of these characteristics on our assumptions.

Finally, virtually all new originations are for loans paid through ACH (i.e. bank to bank transfer), which gives borrowers a discount of 25 bps on the contractual rate.

See Appendix 1 for a description of Mosaic's business model, underwriting and servicing.

Portfolio Stratification

We show the key stratifications from the portfolio at the statistical cut-off date of Oct. 31, 2022. The share of 25-year loans increased compared to the previous three transactions (to 86.7% from 82.7% in 2022-2, 64.0% in 2022-1 and 56.8% in 2021-3). Furthermore, 30-year loans have decreased to 0.8% after increasing marginally to 1% from 0.9% for the 2022-2 transaction.

A positive development from the predecessor 2022-2 is that a smaller portion of the pool of (2.4% versus 5.8%) is related to obligors with FICO scores between 600 and 640, while the WA FICO score for the pool is 750 from 741. This change is the main driver for the reduction of the base case expectation to 8.3% from 9% between series 2022-3 and 2022-2.

The portfolio will be sold at a minimum discount rate of 8% (just a handful of securitized loans are below this threshold) so that the relevant portfolio yield is close to the discount. This transaction will not have a prefunding period.

In terms of installers, the largest entity represents 17%; the top five make up 39.5% and the top 10, 48.6%, a reduction in historical installer concentration. Geographically, the portfolio is concentrated in the warmer climate states, with Florida, California and Texas accounting for 65.4%; the top 10 states account for 85.3%. See Highlights for more details on pre-PTO loans.

Historical Data and Asset Assumptions

This section presents key data on origination volumes, defaults, recoveries and prepayments, as well as the base case and stress assumptions that Fitch applied in its asset analysis. Asset assumptions are summarized in the following table and then discussed further below.

Origination Volumes

Mosaic 2022-3 — Aggregate Asset Loss Assumptions

	Default multiple (x)	RDR (%)	Recovery Haircut (%)	RRR (%)	RLR (%)
AA–sf	4.03	33.5	36.7	19.0	27.1
A–sf	3.00	24.9	27.5	21.8	19.5
BBBsf	2.40	19.9	22.5	23.3	15.3
BBsf	1.65	13.7	15.0	25.5	10.2
Base Case	1.00	8.3	0.0	30.0	5.8

RDR – Rating default rate. RRR – Rating recovery rate. RLR – Rating loss rate.
Source: Fitch Ratings

Mosaic's solar loan originations began in late 2014, but there was no material volume until 2016. The portfolio saw rapid growth in 2017, followed by stability in 2018–2019. Volume picked up again in 2020 with further acceleration in 2021 and 2022. The following chart shows the rapid increase in volumes, shown as principal outstanding. In terms of FICO scores, the distribution has remained mostly stable with the exception of 2021 and 1Q22 slightly shifting from the 800+ FICO band to 600-759 FICO scores. This trend has been reversed in 2Q22 and 3Q22 back to a pre-2021 level of almost 30% within the highest FICO score band.

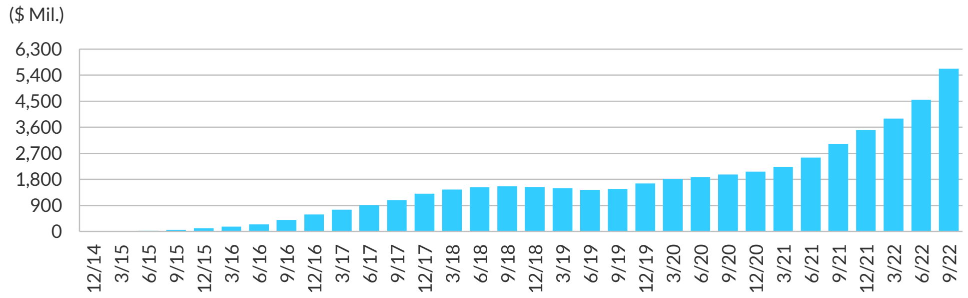
Closing Portfolio Summary

As of October 31, 2022

Aggregate current principal balance (USD)	307,906,983
Avg. current principal balance (USD)	45,407
Aggregate original principal balance (USD)	308,535,653
Avg. original principal balance (USD)	45,500
Number of Loans	6,781
WA original term to maturity (Months)	291
WA remaining term to maturity (Months)	288
WA Seasoning (Months)	2
WA FICO at Origination	750
WA Interest Rate (%)	2.5
Pre-PTO loans (by CPB) (%)	42.2
30-Year Loans (by CPB) (%)	0.8
Top Installers	No. 1 (17.0%), No. 2 (8.5%), No. 3 (7.4%)
Top States	Florida (23.2%), California (22.3%), Texas (19.9%)

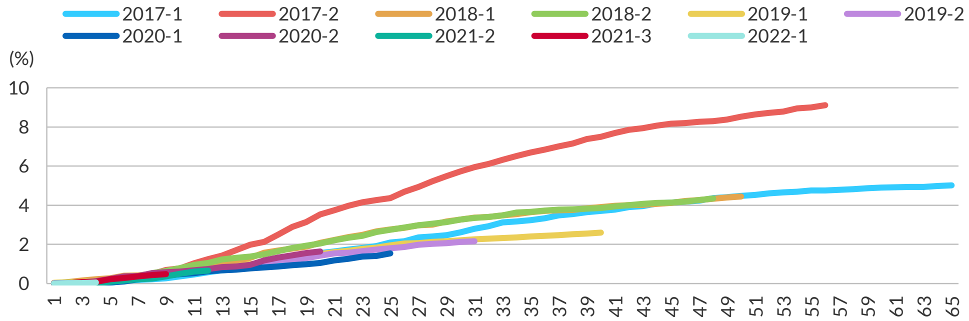
WA – Weighted average (by Current Principal Balance [CPB])
Source: Fitch Ratings, Mosaic

Principal Outstanding Amount



Source: Fitch Ratings, Mosaic

Mosaic Outstanding Securitizations Cumulative Defaults



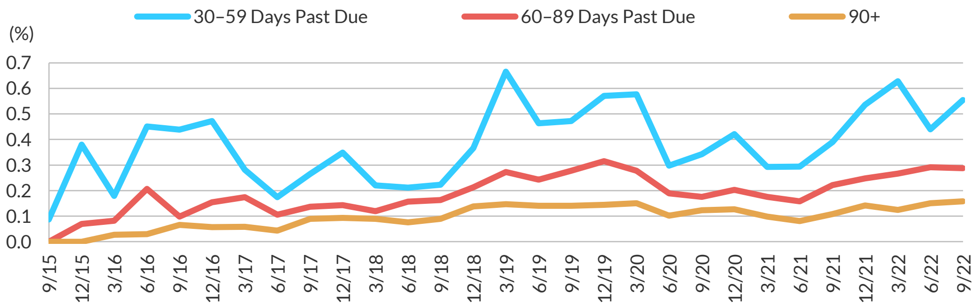
Source: Fitch Ratings, Mosaic

Securitized Transactions

There are 12 outstanding securitizations originated by Solar Mosaic, LLC. The higher default rate on the 2017 transactions are not expected to be representative of the subsequent transactions as it includes products that are discontinued. Overall, the transactions have very consistent performance with a slow increase after month 18, indicating that ITC were used to prepay the loans and monthly installments remained the same or decreased. The data below are as of the June 2022 servicer report.

Delinquency

Delinquencies



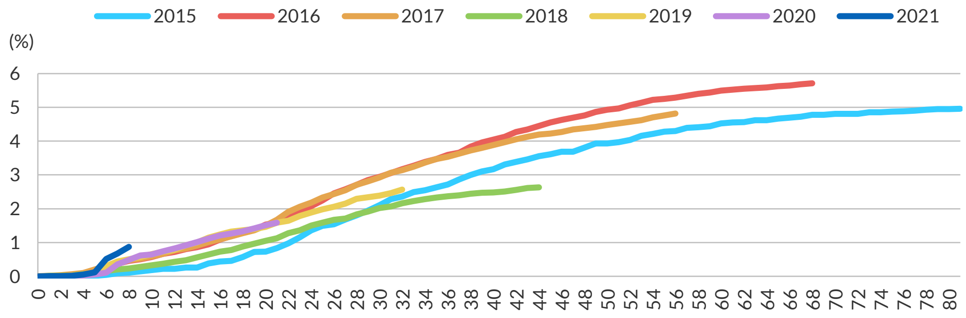
Source: Fitch Ratings, Mosaic

The delinquency data show that some early delinquencies are seasonal, spiking toward year end when other consumption patterns may take precedence. However, delinquencies typically normalize soon after year end, to the extent that seasonality almost disappears for the 90 days past due (dpd) bucket. At 90 dpd, Mosaic has the ability to disconnect the system.

Defaults

Due to originations starting in late 2014, the available data does not cover the full loan term. The default definition used in the following data and for the transaction is 120 dpd. In our analysis, we focused on 25-year loans, which represented 86.7% of Mosaic 2022-3's solar portfolio.

Solar Loan Cumulative Defaults



Source: Fitch Ratings, Mosaic

As the charts below show, we do not observe material performance differences by term. Each of the curves begin to flatten, typical of what we observe for granular ABS collateral, which could be primarily driven by seasoning. The seasoning effect is explained by the initial attrition in case of issues with installation and borrowers' appreciation of the savings on utility bills offered by the PV panels. In other words, we believe that defaults are primarily driven by the unwillingness, rather than inability, to pay. However, the data by FICO are highly indicative of performance differences. Fitch received a data split across the following FICO bands: <600, 600–640, 640–670, 671–740, 741–795 and 796–850: the default rates roughly halve as we move to the higher-FICO band.

For the previous Fitch-rated Mosaic securitizations, we derived default assumptions by first extrapolating the default intensity, or ADR, from the available data; then included a prepayment assumption in line with historical performance and future expectations. For series 2022-3, we started from the series 2022-2's default expectations and lowered it to 8.3% from 9% due to a more favorable FICO score distribution.

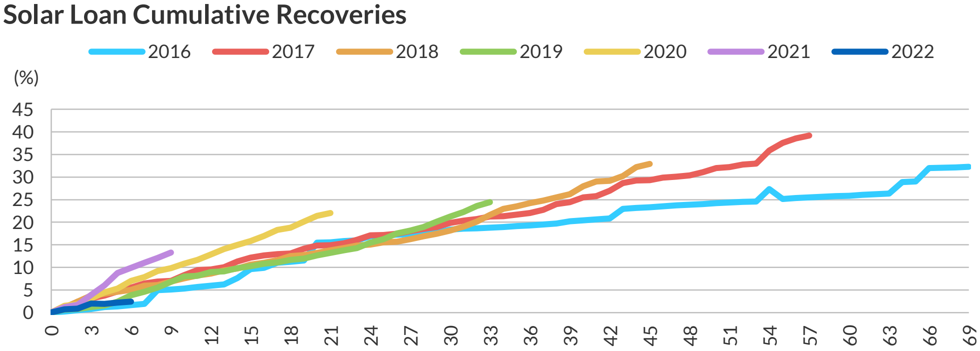
Limitations in performance history are a primary reason for the rating cap at 'Aasf'. To calculate 'Aasf' rating default rates (RDRs), we stress the base case assumptions with default multiples. Because of the data limitations we applied a 'AA–sf' median-high range of 4.03x, resulting in an aggregate RDR of 33.5%.

Recoveries

Cumulative recovery data are presented in the following chart, which only considers full years. Recoveries continue to come in and have already reached 30% on the 2018 vintage, with an improving trend on the more recent vintages since 2020.

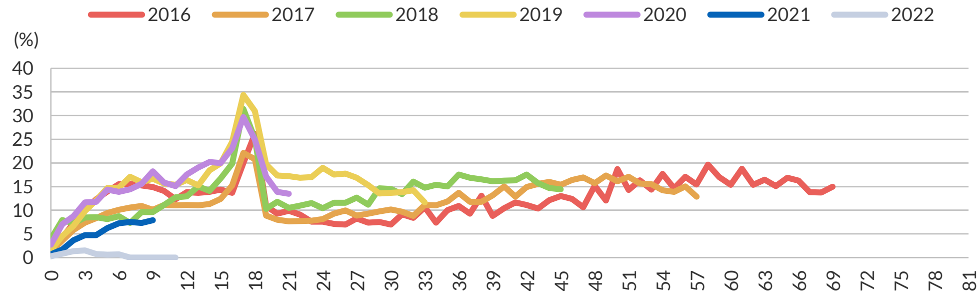
Despite the security on the equipment, we do not expect system repossessions to be a material source of recoveries, so we assume any recoveries will come from the borrower, or from the sale of the property to which the system is installed. This means that we expect recoveries to increase slowly but steadily.

Solar Loan Cumulative Recoveries



Source: Fitch Ratings, Mosaic

Monthly Prepayment Rates (Annualized)



Source: Fitch Ratings, Mosaic

The strong incentives, from the complications in selling a property to the lender's legal right to disconnect the system, make solar loans compare favorably against unsecured personal loans and credit card receivables. In addition, we believe, supported by high FICO scores, that a substantial amount of defaults will come from willingness-to-pay issues, where the borrower is dissatisfied with the installer's services and/or the utility savings and stops paying, a situation that creates a recovery lag, even if the borrower has good payment ability.

We apply a base case recovery rate of 30%, after analyzing recovery data both in aggregate and split across three different reason for defaults: personal bankruptcy, mortality and general delinquency. In particular, recoveries from deceased borrowers are the highest, which is important considering the demographics of Mosaic borrowers and the long asset tenor.

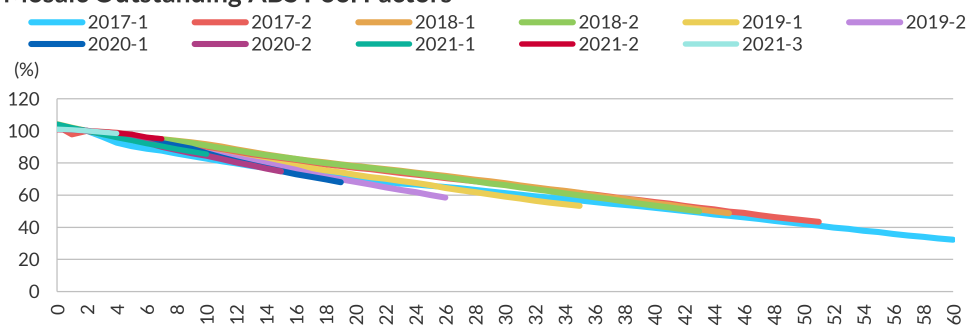
To calculate 'AA–sf' rating recovery rate (RRR), we stress the base case assumption with a haircut, selected from a criteria range, typically from 29% to 44% at 'AA–sf'. Given the higher levels of recoveries already observed on the platform and potential to increase, we assigned solar loans haircuts at the median end of the criteria range. The resulting 'AA–sf' RRR is 19%.

Prepayments

In addition to the default and recovery assumptions, we determine a prepayment rate that we use in our cash flow analysis. Although we would typically look at dynamic (i.e. over time) prepayment data, this static (i.e. based on origination vintages) analysis shows that annualized prepayments have historically be well above 10%. We can also see the spike due to ITC around month 18.

Additionally, from the second chart below, the ABS transactions amortize fast as evidenced by the 2019-2 transaction which reached a pool factor of 52% pool factor (PF) by month 31. Transactions issued after 2019-1 will likely hit 50% PF even earlier. We remain substantially in line with the above and apply an annual base case prepayment rate at 10% p.a. for the life of the transaction.

Mosaic Outstanding ABS Pool Factors



Source: Fitch Ratings, Mosaic

We maintain a constant 10% assumption despite the rising interest rate environment because we believe that only a portion of historical prepayments are affected by the suspension of refinancing activity, which we expect to resume once rates reverse, still well within this transaction's the term. Prepayments due to home sales and debt retirements will be affected to a much lesser extent than those due to loan refinancing.

In the earlier stages, even a decrease in the number of borrowers who prepay the ITC may be offset by a higher ITC shares (30% versus 26%) for a material portfolio of borrowers.

Cash Flow Analysis

Main Inputs

Fitch's cash flow analysis combines the asset assumptions presented above in this report with further criteria-driven considerations and the transaction structure presented below.

Portfolio repayments are derived from the amortization profile under the assumption of no defaults and no prepayments (ITC related or otherwise) as a starting point.

Defaults are distributed in line with Fitch's consumer ABS criteria provisions, which are based on the portfolio weighted average life (WAL), net of base case prepayments, of 76 months. The following table shows the three default timing vectors considered in our cash flow model. For example, in the front-loaded scenario, 40% of the total defaults assumed for solar loans at a given rating level will be spread evenly over the first 19 months (so 2.1% a month).

Mosaic 2022-3 Default Timing Distribution

(%)

Months	Front Loaded	Evenly Distributed	Back Loaded
1–19	40.0	17.0	10.0
20–39	25.0	17.0	12.5
40–58	20.0	17.0	12.5
59–77	10.0	17.0	15.0
78–96	5.0	17.0	22.0
97–117	0.0	15.0	15.0
118–135	0.0	0.0	13.0

Source: Fitch Ratings

Once defaulted, we assume recoveries over five distinct inflows, according to the following table. We implement a significant recovery lag due to the expectation that some collections will be generated by property sales that repay the solar loan (in addition to any underlying debt, e.g. a residential mortgage).

Mosaic 2022-3 Recovery Distribution

Share of Assumed Recoveries (%)	10	20	20	25	25
Months After Default	6	12	18	30	42

Source: Fitch Ratings

The modeled portfolio yield is 7.7% due to the discount rate. As a result, we model prepayment gains as explained below in the Credit Enhancement section.

Servicing fees are assumed at the low end of our criteria range given the relatively large average ticket size, the prime nature of borrowers, and the centralized and automated servicing. The stressed senior and servicing fee at the 'AAsf' category is 0.9% a year.

Both assets and liabilities pay a fixed rate, so there is no interest rate mismatch and, in turn, no hedging is necessary.

Model Outputs

Fitch tests the sufficiency of the asset cash flow to pay the liabilities and transaction expenses under the stresses described in this report and its rating criteria, using its Multi Asset Cash Flow Model.

The driving scenario (i.e. the combination of interest rate path, default timing and prepayment environment that results in no shortfalls, with the lowest rating and break-even default rate) for each class, has low prepayments for all classes of notes), due to the fact that lower cash flow exacerbate the negative excess spread. In addition, the driving scenario for classes A and B has evenly-distributed or back-loaded defaults, which result in a later breach of the cumulative loss trigger (see also Triggers) and allow more junior interest and principal to be paid out. Classes C and D, on the other hand, are affected more by front-loaded defaults, which would shut out their principal repayments for longer.

While the transaction can survive higher rating stresses, the transaction remains sensitive to all of these factors, and especially prepayments and the discount rate used in the model (which generates prepayment gains), therefore the assigned rating considers this sensitivity.

The Rating Sensitivity section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modeling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

- No change or positive change
- Negative change within same category
- -1 category change
- -2 category change
- -3 or larger category change

See report for further details

Expected Rating Sensitivity

Rating Sensitivities — Downgrade: Asset performance that indicates an implied ADR above 1.2% and a simultaneous fall in prepayments activity may put pressure on the rating or lead to a Negative Rating Outlook.

Material changes in policy support, the economics of purchasing and financing PV panels and batteries, and/or ground-breaking technological advances that make the existing equipment obsolete may also negatively affect the rating.

Rating Sensitivity to More Stressful Assumptions

	Class A	Class B	Class C	Class D
Original Rating	AA-sf	A-sf	BBBsf	BBsf
+10% RDR	AA-sf	Asf	A-sf	BBB+sf
+25% RDR	A+sf	A-sf	BBB+sf	BBBsf
+50% RDR	Asf	BBB+sf	BBBsf	BBB-sf
-10% RRR	AAsf	A+sf	Asf	A-sf
-25% RRR	AAsf	Asf	Asf	BBB+sf
-50% RRR	AA-sf	Asf	A-sf	BBB+sf
+10 RDR / -10% RRR	AA-sf	Asf	A-sf	BBB+sf
+25 RDR / -25% RRR	A+sf	A-sf	BBB+sf	BBBsf
+50 RDR / -50% RRR	A-sf	BBBsf	BBB-sf	BB+sf

Source: Fitch Ratings

Rating Sensitivities — Upgrade: We currently cap ratings in the 'AAsf' category due to limited performance history, while the assigned rating of 'AA-sf' is further constrained by the sensitivity of model results. As a result, a positive rating action could result from an increase in CE due to class A deleveraging, underpinned by good transaction performance, for example, through high prepayments and ADR below 1.2%.

Rating Sensitivity to Less Stressful Assumptions

	Class A	Class B	Class C	Class D
Original Rating	AA-sf	A-sf	BBBsf	BBsf
-10% RDR	AA+sf	A+sf	A+sf	Asf
-25% RDR	AA+sf	AAsf	A+sf	A+sf
-50% RDR	AA+sf	AA+sf	AA-sf	AA-sf
+10% RRR	AAsf	A+sf	Asf	A-sf
+25% RRR	AA+sf	A+sf	A+sf	A-sf
+50% RRR	AA+sf	AA-sf	A+sf	Asf
-10 RDR / +10% RRR	AA+sf	AA-sf	A+sf	Asf
-25 RDR / +25% RRR	AA+sf	AAsf	A+sf	A+sf
-50 RDR / +50% RRR	AA+sf	AA+sf	AA-sf	AA-sf

Source: Fitch Ratings

Transaction Structure

The transaction's capital structure features four rated tranches (classes A to D). For risk retention purposes, Mosaic will retain at least 5% of the class R certificates (i.e. equity).

Credit Enhancement

The transaction is supported by CE provided by OC for all notes, a reserve fund, a discounting mechanism, also called yield supplement overcollateralization (YSOC), and limited excess spread.

The OC, for each class of rated notes, is provided by the assets funded through the subordinated tranches. Class A and B will benefit from a target OC mechanism *(see item 10 of the Simplified Priority of Payments table below)* and such target OC is set oat 100% for the first 16 months and 10.5% afterward. This effectively means that initially no funds can leak out of the structure.

In addition, the loans are included in the adjusted collateral balance at a price calculated as the present value of the installments at the greater of their contractual rate and a discount rate of 7.7%. This increases the portfolio contractual yield of 2.5% to an effective yield of 7.7%. When loans securitized at a lower present value than par prepay, the principal actually received by the issuer is obviously based on the contractual rate, resulting in a prepayment gain. This mechanism, called the YSOC amount in the documentation, equals about $89 million at closing.

The 2022-3 transaction will not have a prefunding period, in line with the 2022-2 but distinct from the 2022-1 transaction.

Fitch's cash flow model only considers the adjusted balance and the effect on the CE of this adjustment can be seen in the following table.

Mosaic 2022-3 Credit Enhancement

	Adjusted as Assumed by Fitch	Unadjusted
Collateral Balance ($ Mil.)	218.4	307.9
Class A (%)	49.2	64.0
Class B (%)	15.2	39.8
Class C (%)	9.7	35.9
Class D (%)	7.2	34.2

Note that in addition to the overcollateralization, the CE figures above include the $3.08 million reserve.
Source: Fitch Ratings, Mosaic

Reserve Fund

Transaction liquidity is supported by an amortizing reserve fund equal to 1% of the outstanding unadjusted collateral balance with an initial balance of $3.08 million and a floor of $1.54 million.

The reserve also contributes to the overall CE (i.e. drawings can be used to cover defaults). Before the trigger is breached, the reserve is not automatically part of the available funds and can be used to pay shortfalls on: senior expenses; interest on class A and B notes only; class A principal if the aggregate of class A and B becomes undercollateralized *(i.e. item 6 of the Simplified Priority of Payments table below)*; and principal of the class A to D notes if it allows to pay them in full.

However, after a trigger breach, the reserve becomes part of the available funds and its entire amount would be applied according to the payment waterfall and will not be replenished unless the trigger is cured; even in that case, this is highly unlikely given the very junior position. Given the combined waterfall and the fact that we do not see payment interruption risk in U.S. structured finance, the lack of liquidity after a trigger breach does not constrain the rating of the senior classes. As far as the junior classes are concerned, an interest shortfall accumulated during a trigger breach does not translate in an EoD once the relevant class becomes the most senior.

Priority Principal Distribution

As shown in the on the next page, before a trigger breach, class A principal is due until class A equals the adjusted pool balance. This target amount includes both the principal collections actually received from the portfolio during each period and any defaulted amount. A similar mechanism is applied further down the waterfall to class B, per the following table.

Mosaic 2022-3 Default Provisioning

Principal Priority Distribution	Relevant Class	Waterfall Position	Target
First	A	4	Class A to equal the unadjusted pool balance
Second	A and B	6	Class A and B to equal the unadjusted pool balance

Source: Fitch Ratings, Mosaic

This mechanism, also called priority principal distribution or implicit provisioning, ensures that, as long as the available funds are sufficient, defaults in a given period are covered and the class A and B notes remain collateralized by nondefaulted assets. However, they are not expected to kick in soon, as the entire OC supporting the class B notes should be eroded before the any priority distribution is paid, so class C should be fully under water to pay item 6 of the waterfall and the class B should be fully under water to pay item 4. In our modelling, the trigger is breached before this happens in all scenarios, so no principal payment is ever made under these items.

Excess Spread

Initial excess spread considering the 7.7% effective portfolio yield is expected to be around 70 bps of the adjusted balance when considering actual servicing fees; this reduces to about 10 bps under the stressed 'AAsf' criteria fee assumption of 90 bps.

The very low excess spread, despite the support from the discounting mechanism, coupled with the long asset tenor, is the key reason for the difference between the CE of 49.2% and the 'AA-sf' rating loss rate of 27.1%.

Priority of Payments

On each period, the following investor available funds are applied through the transaction's combined priority of payments.

- portfolio collections, asset repurchase proceeds and interest earned on the transaction account, if any.
- Any earnings on the reserve fund and excess over its target.
- Any other amounts on the reserve fund if an EoD has occurred or the cumulative loss trigger has been breached, as described in Reserve Fund above.
- All amounts held on the transaction and collection account, if still needed to repay the notes on the legal maturity date (or following a sale of all loans upon an optional redemption).
- Amounts transferred from the distribution or capitalized interest accounts.
- After the prefunding period, any interest earned on the collection account and any amounts transferred from the pre-funded account to the distribution account

The priority of payments is summarized in the following table.

Simplified Priority of Payments

	Before Trigger Breach or EoD	After Trigger Breach or EoD
1	Taxes and senior expenses	Same as aside
2	Servicing fees	Same as aside
3	Class A interest	Same as aside
4	Class A default provisioning (i.e. positive difference between class A and unadjusted collateral balance)	Same as aside
5	Class B interest	Same as aside
6	Class A and B principal (sequentially) default provisioning (i.e. positive difference between class A and B, and unadjusted collateral balance)	Same as aside
7	Class C interest	Class A principal, until full repayment
8	Class D interest	Class B principal, until full repayment

9	During the equity lockout period, class A, B, C and D principal (sequentially)	Class C interest
10	Class A and B principal (pro rata) up to target OC (100% until month 16; 10.5% afterward)	Class C principal, until full repayment
11	Reserve fund up to target	Class D interest
12	Class C and D principal (pro rata), equal to 90% of the available funds	Class D principal, until full repayment
13	Subordinated expenses	Same as aside
14	Servicers and administrator reimbursements	Same as aside
15	Any residual to class R	Same as aside

Source: Fitch Ratings, Mosaic

Asset Default Definition

The provisioning mechanism in the waterfall is based on the nondefaulted principal amount, which relies on the transaction default definition. Default of a loan is defined as:

1. the obligor has filed for bankruptcy;
2. at least 10% of the scheduled payments are unpaid for 120 days;
3. the servicer has charged off, reduced or forgiven any or all the principal amount due; or
4. the servicer has repossessed the equipment.

As a result, in our modeling, we use a four-month default definition (i.e. a loan stops paying for four months before being earmarked as defaulted). Item 2 is not reversible even if the borrower catches up with payments and returns to performing, which is standard in structured finance.

Triggers

Two trigger events may affect the application of the available funds.

- As described in the table on the prior page, a cumulative loss trigger (cumulative default trigger in the documentation) that defers class C and D interest by entering a turbo amortization for the senior notes. See the Cash Flow Analysis section for more insight on this trigger.
- An equity lockout trigger that comes into effect once the outstanding non-defaulted pool balance falls below 10% of its initial amount or at the 10th annual anniversary of the transaction, and traps all excess spread within the structure to repay the rated notes sequentially (albeit in a more junior position than the previous trigger, without deferring junior interest).

Events of Default

The following EoDs would enable the trustee, solely at the written request of the controlling noteholders, to declare the notes due and payable:

1. failure to pay interest (excluding previously unpaid carried-forward interest) on the most senior outstanding class of rated notes, if unremedied for five business days (BDs);
2. failure to pay the principal of any class of notes or shortfall resulting from the cumulative loss trigger by the legal maturity date;
3. failure to transfer any of the moneys to the distribution account, if unremedied for five BDs;
4. breach of contractual obligations under the transaction documents, or misrepresentation, if unremedied for 60 days; and
5. any issuer insolvency event.

Structure Diagram

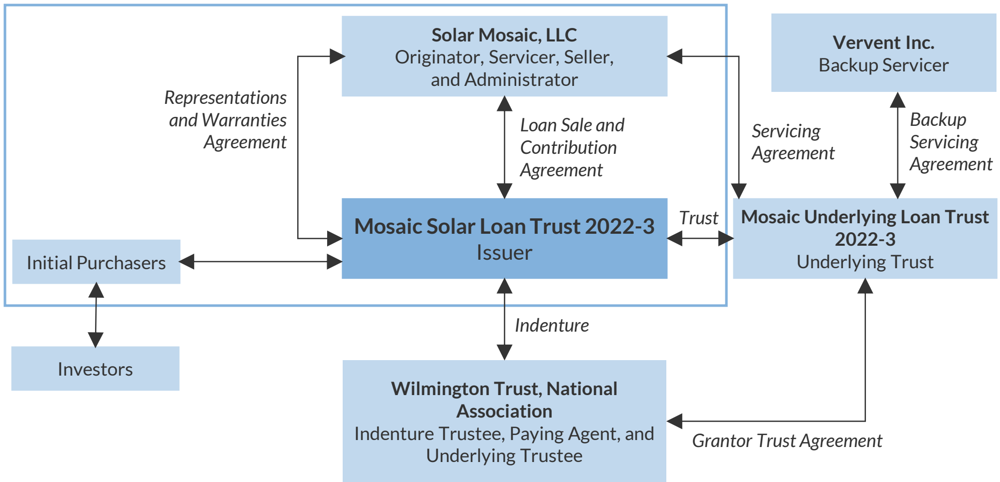
The following structure diagram summarizes the main parties in the transaction.

Mosaic 2022-3
Cumulative Loss Trigger

Monthly Payment Date	Trigger Threshold (%)
Until June 2023	1.25
July 2023 to December 2023	3.25
January 2024 to June 2024	5.25
July 2024 to December 2024	7.00
January 2025 and thereafter	8.00

Source: Fitch Ratings, Mosaic

Structure Diagram



Source: Fitch Ratings, Mosaic

The issuer buys the assets from the originator. The issuer contributes the assets to the underlying trust, which grants the indenture trustee a security interest on the assets (i.e. solar loans, transaction account and collection account). See also Key Transaction Parties.

Rating Confirmations

The documentation includes instances where a confirmation from rating agencies can replace investor consent. Specifically, the confirmation language refers to a written confirmation from rating agencies that the changes will not negatively affect the ratings or, after being given a 10-calendar day notice, they do not respond, which means that inaction by the rating agency is considered as a confirmation. This relates to the appointment of a successor servicer, entering supplemental indentures or certain other amendments of the servicing, backup servicing, administration and electronic collateral control agreement.

Fitch is not a transaction party and has no obligation to provide rating confirmations. We will continue to exercise our discretion in choosing to issue a rating confirmation. Where relevant to our ratings, we prefer to issue public commentary on the rating impact of the change. Fitch's approach to and concerns regarding rating confirmation are highlighted in the special report Rating Confirmations in Structured Finance and Covered Bonds.

Disclaimer

Fitch relies in its credit analysis on legal and/or tax opinions provided by transaction counsel for the avoidance of doubt. Fitch has always made clear that it does not provide legal and/or tax advice or confirm that the legal and/or tax opinions, or any other transaction documents, or any transaction structures, are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Counterparty Risk

Fitch assesses the counterparty risk under its Structured Finance and Covered Bonds Counterparty Rating Criteria to be in line with the ratings assigned based on the documentation provisions and analytical considerations described in the following table. At the time of this report's publication, draft documentation was still undergoing, but understand that counterparty risks will be mitigated in line with the criteria. We will comment on this upon publishing our final rating.

Counterparty Risk Exposures

Counterparty/ risk type	Counterparty name	Minimum Ratings under Criteria	Minimum Ratings and remedial actions under documents	Analytical considerations
Transaction Account Bank / Indenture Trustee	Wilmington Trust, National Association	'A–' or 'F1' for notes up to 'AAsf' category; or U.S. trust account established in accordance with Title 12 C.F.R. § 9.10(b)	'A-' and remedial action within 60 days	If not Title 12 trust account, the documented minimum long-term rating would result in a cap to the notes in the 'AAsf' category for counterparty reasons.
Permitted Investments	Not applicable	See above for deposits and securities up to 30-day maturity; 'AA–' or 'F1+' for securities up to one-year maturity; 'AAAmmf' for money market funds; No minimum rating for U.S. government obligations		All investments to be kept until maturity.
Collection Account Bank (Commingling Risk)	Wells Fargo Bank, N.A.	Not applicable if risk assessed as immaterial	No minimum rating requirement	Commingling risk is considered immaterial as mitigated by transfer frequency: funds are transferred within two business days.
Servicer (Servicer Disruption Risk)	Mosaic, LLC (servicer) Vervent (backup servicer)	Not applicable	No minimum rating requirement	Servicing continuity is supported by the number of parties performing servicing activities as well as the available players (for example, other specialized solar lenders) that could step in and readily fit Mosaic's needs and scale, although many activities are already outsourced to Concord *(see Appendix 1)*. Finally, the installers likely remain the first point of contact for issues with the PV systems.

Source: Fitch Ratings, Mosaic

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of Applicable Criteria. Fitch applies the "Consumer ABS Rating Criteria" as its sector-specific criteria under the overarching framework provided by the "Global Structured Finance Rating Criteria," which is the master criteria for securitizations. Although the sector criteria are not specific for solar receivables, Fitch believes that the analysis of the default risk and the recovery prospects is applicable and the data deficiency can be addressed with a rating cap. Despite similarities with mortgages, we concluded that the RMBS approach is not suitable for this asset class.

The remaining criteria listed under Applicable Criteria are cross-sector criteria that outline Fitch's approach to counterparty risk and interest rate change vulnerability that are relevant for the ratings, although the interest rate environment is only relevant for the negative or positive interest applicable to the reserve fund in case of transaction account bank replacement.

Criteria Variations

This analysis includes a criteria variation due to model-implied rating (MIR) variations in excess of the limit stated in the consumer ABS criteria report for new ratings. According to the criteria, the committee can decide to deviate from the MIRs but, if the MIR variation is greater than one notch, this will be a criteria variation. The MIR variations for classes B to D are greater than one notch.

Given the sensitivity of ratings to model assumptions and conventions, repayment timing, and tranche thickness, the ultimate ratings were constrained by sensitivity analysis.

Models

Fitch's proprietary Multi-Asset Cash Flow Model was used in the analysis, together with the Consumer ABS Asset Model for supporting calculations.

Data Adequacy

In its analysis of this transaction, Fitch used static gross default and recovery data stratified by FICO score band and loan tenor, from the beginning of Mosaic's originations to September 2022. Historical data on prepayments were also received.

Fitch relied on detailed stratifications of the collateral pool as of the cutoff data on Oct. 31, 2022 to ascertain the characteristics of the pool that could affect transaction performance.

Overall, Fitch's assessment of the asset pool information, relied upon for the agency's rating analysis according to its applicable rating methodologies, indicates that it is adequately reliable.

However, due to the short data history compared to the asset tenor, Fitch has applied a rating cap as described on page 1.

Use of Third-Party Due Diligence Pursuant to SEC Rule 17g-10

Fitch was provided with third-party due diligence information from Deloitte & Touche LLP. The third-party due diligence information was provided in Form ABS Due Diligence-15E and focused on a comparison and re-computation of certain characteristics with respect to 150 sample loans. Fitch considered this information in its analysis, and the findings did not have an impact on the agency's analysis. A copy of the ABS Due Diligence Form-15E received by Fitch in connection with this transaction may be obtained through the link contained at the bottom of the related rating action commentary.

Surveillance

Fitch receives monthly servicer reports that detail the note paydown, along with asset performance and characteristics. If a transaction is identified as performing outside of expectations, a full review will be conducted and any recommendations will be presented to a rating committee. If performance remains within expectations, the transaction will be reviewed in detail on an annual basis. Fitch keeps investors informed about reviews and rating actions on its website at www.fitchratings.com.

Appendix 1: Origination and Servicing

Mosaic started operating in 2013 and began originating solar loans in 2014. The company has grown to be one of the largest loan originators in the U.S. In January 2019, Mosaic began a home improvement financing program which targets home improvement efficiency projects. As of December 2021, Mosaic, headquartered in Oakland, CA, had 190+ full-time equivalent staff and $6.0 bil. cumulative loan originations. Mosaic has originated 11 securitizations.

Strengths

In 2020, during the harshest period of the pandemic, it achieved good performance both in terms of sustained originations and limited delinquencies on the existing portfolio. Recovery performance for solar loans is supported by the strong incentives (PV systems typically achieve savings on utility bills and can be disconnected remotely). Although repossessing the system is impractical and, therefore, the exposure is akin to that of unsecured debt, the lien and UCC-1 filing on the system create some obstacles for borrowers to sell their home until the title is cleared, in which case prospects of lump recoveries materially increase.

The subservicer, post-chargeoff servicer and backup servicer are experienced entities with a securitization track record. A high share of ACH payments means that the transfer of responsibilities pursuant to a servicing termination event would be easier.

Weaknesses

Only in limited cases is the income verification required by the underwriting policy, but this is in line with U.S. ABS. The affordability checks upon origination do not address the payment shocks in case the ITC is not applied as prepayment and other indebtedness is not considered for high-FICO borrowers.

There is material installer concentration, in that almost 57% of the volumes come from the top 10 installers. The materiality of this risk depends on the share of securitized loans that have not reached PTO, which is 23.7% as of the cut-off date on the 2022-2 transaction.

Business Model and Funding

Mosaic's funding comes from private equity, warehouse financing, and whole loan sales. As of Dec. 31, 2021, the company had approximately $600 million in funding from solar warehouse lenders. More recently, it entered a secured revolving solar warehousing facility for $200 mil.

Mosaic has limited "skin in the game" in the securitizations, as it retains at least 5% of all classes of notes, including class R.

Mosaic's business model and profitability are based on the differential between the price at which the loan is acquired from the installer and the price paid by the customer's purchase price.

Products

In addition to solar loans, Mosaic expanded to the broader home improvement market, funding nonsolar home improvement loans. These loans are not included in the securitization.

In 2021, Mosaic shifted to originating a majority of 25-year loans and expanded to originating 30-year loans.

Underwriting

Prospective borrowers are sustainable home improvement system buyers who deal with an installer who partners with Mosaic. Either at the installer's location or after the visit, the borrower submits an application that instantaneously returns the outcome: approved, conditionally approved (in case more documentation is needed, e.g. if the modeled income differs from the stated one) or, in the majority of cases, rejected.

Mosaic's underwriting shares commonalities with the lender's mortgage activity, although the process is more automated and does not include property appraisals. Borrowers are homeowners. The underwriting process hinges on the FICO score, income, bankruptcy status, delinquency status and bureau attributes and a recently launched behavioral scorecard. In terms of affordability, Mosaic tracks the debt to income (DTI) ratio but does not utilize the ratio during the underwriting process.

Installers

Mosaic currently works with 700+ installers nationwide. Installers are vetted through a strict approval process. The eligibility criteria include sales, experience, annual loan volume, financial statements, active state contractor's license and solar warranty documentation. About 20% of installers offer production guarantees that the systems produce at least 85% or 95% of the target production over a specified period, in addition to the workmanship warranty, which has a two-year minimum. Approved installers are required to only install equipment (PV panels, inverters and batterie) from an approved vendor list. Installers can be removed from the approved list at any time by Mosaic's management or Head of Counterparty Risk.

The point-of-sale nature of the business means that the installers constitute the only face-to-face interaction for borrowers, especially in the early phases, during which borrower interactions are more frequent.

After onboarding, installers receive consumer lending compliance training by Mosaic. Additionally, installers continue to be audited regularly through a scorecard and may be watchlisted or removed from the platform for underperformance. In terms of remuneration, installers are paid through dealer fees, which generally consist of an agreed-upon percentage of the loan balance; the percentage varies based on loan and risk characteristics, in addition to the volume the installer brings in.

After installation, there are a few more steps to achieve PTO for solar systems: application for the interconnection with the electric grid and checks by the utility company.

Servicing

Servicing activities are mostly outsourced to a subservicer, Concord Servicing, LLC, under a subservicing agreement and subject to Mosaic's oversight works with delinquent obligors to address and collect delinquent payments and other due amounts and to arrange alternative payment arrangements. The subservicer is not technically a transaction party and the related agreements are not transaction documents.

After a missed payment, Concord will reach out to the delinquent borrower through phone and e-mail communication to seek a promise to pay and an estimated time the borrower will pay any amount due. If the borrower is not able to make a payment or reach an agreement to pay the entire amount due, Concord and Mosaic may consider a forbearance agreement or short-term payment plan. Concord will continue to monitor to ensure the borrowers meet payments by their indicated time. If Concord is not able to make contact via phone or e-mail communication and the borrower is more than 15 days delinquent, the subservicer will send a letter with a delinquency notice letter to the borrower. After 60 dpd, Concord will send a notice of a right to cure and advises that the system may be disconnected if the delinquency is not cured. After 90 dpd, the equipment will be shut down and declare the entire loan balance be due and payable. After 120 dpd, Goal Structured Solutions is responsible for collections on defaulted loans.

Loans can be fully prepaid when a borrower moves out, but partial prepayments (in addition to those due to the ITC) are common. If borrowers sell their house, they may transfer their solar loan obligations to the new owners if (i) the new owners meet Mosaic's underwriting criteria. Otherwise, the borrower would need to repay the debt to convey a clean title to a new buyer. Although the lien is on the personal property (i.e. the solar equipment), we believe the lien effectively hinders solar borrowers from selling their home and realizing any equity. Because the lien, which is filed with the county and the secretary of state, would be flagged in any title and lien search and create uncertainty around the seniority of the new lender's lien, the borrower becomes highly incentivized to repay the solar debt to the extent there is equity in the property.

Mosaic is the master servicer in its securitizations. Its duties include monitoring and reporting the loans; preparing a master servicer report; transferring collections to the issuer account; keeping books; monitoring payments; filing UCC and county filings; and notifying the Indenture Trustee of disputes, among other things.

Backup Servicing

Servicing continuity is further enhanced by the presence of a backup servicer, Vervent Inc. (fka First Associates Loan Servicing, LLC and Portfolio Financial Servicing Company brands). The backup servicer's duties mainly consist of reconciling a monthly data tape received by the servicer.

Should a servicer termination event occur, the underlying trustee, at the written direction of the senior noteholders, can deliver a termination notice and ultimately appoint the backup servicer. The backup servicer will begin its servicing activities after the date specified in the termination notice or after the date mutually agreed upon by the servicer and Indenture trustee.

Appendix 2: ESG Relevance Score

FitchRatings

Mosaic Solar Loan Trust 2022-3

SF ESG Navigator
Consumer ABS - Secured

Credit-Relevant ESG Derivation

Mosaic Solar Loan Trust 2022-3 has 6 ESG potential rating drivers

- Mosaic Solar Loan Trust 2022-3 has exposure to assets' energy/fuel efficiency and impact on valuation but this has very low impact on the rating.
- Mosaic Solar Loan Trust 2022-3 has exposure to macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	4	issues	2
	4	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	2	Regulatory risks, fines, or compliance costs related to emissions, energy consumption and/or related reporting standards	Asset Quality; Surveillance	5
Energy Management	3	Assets' energy/fuel efficiency and impact on valuation	Asset Quality; Surveillance	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Asset, operations and/or cash flow exposure to extreme weather events and other catastrophe risk, including but not limited to flooding, hurricanes, tornadoes, and earthquakes	Surveillance	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Compliance with consumer protection related regulatory requirements, such as fair/transparent lending, data security, and safety standards	Operational Risk; Surveillance	4
Labor Relations & Practices	2	Labor practices, pension obligations and related litigation	Surveillance	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior	Asset Quality; Surveillance	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Rule of Law, Institutional and Regulatory Quality	3	Jurisdictional legal risks; regulatory effectiveness; supervisory oversight; foreclosure laws; government support and intervention	Asset Isolation and Legal Structure; Asset Quality; Rating Caps; Surveillance	5
Transaction & Collateral Structure	3	Asset isolation; resolution/insolvency remoteness; legal structure; structural risk mitigants; complex structures	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Rating Caps; Surveillance	4
Transaction Parties & Operational Risk	3	Counterparty risk; origination, underwriting and/or aggregator standards; borrower/lessee/sponsor risk; originator/servicer/manager/operational risk	Asset Quality; Financial Structure; Operational Risk; Rating Caps; Surveillance	3
Data Transparency & Privacy	3	Transaction data and periodic reporting	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Surveillance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular asset class. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the transaction's or program's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the transaction's or program's credit rating. The three columns to the left of the overall ESG score summarize the transaction's or program's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the transaction's or program's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE - DEFINITIONS

How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant; a key transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to transaction or program ratings; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings; either very low impact or actively mitigated in a way that results in no impact on the transaction or program ratings.
2	Irrelevant to the transaction or program ratings; relevant to the sector.
1	Irrelevant to the transaction or program ratings; irrelevant to the sector.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.