



CUBFacts_{Energy Efficiency}

Federal Incentives for Energy Efficiency

The federal government offers tax credits on select renewable energy systems and electric vehicles to help you lower costs and protect the environment.

Residential Renewable Energy Tax Credit

Tax credits are available at 30 percent of the cost, with no upper limit through 2016 (for existing homes & new construction) for geothermal heat pumps, small residential wind turbines, and solar water heaters. Your expenses may include system assembly, labor costs for onsite preparation or original system installation, and the piping and wiring required to interconnect the system to your home.

Note that any subsidized energy financing you receive may not be included as expenditure under this tax credit.

If your federal tax credit exceeds tax liability, the amount in excess may be carried over to the following taxable year.

Your home may qualify if:

- It is located in the United States;
- It is used by you as a residence; and
- You install one of the qualifying systems listed below

Visit the Department of Energy's Energy Star website, www.energystar.gov/index.cfm?c=tax_credits.tx_index, for more information.

Electric Vehicle Tax Credits

Electric vehicles (EVs) purchased in or after 2010 may be eligible for a federal income tax credit of up to \$7,500. The credit amount will vary based on the capacity of the battery used to fuel the vehicle.

This credit replaces an earlier credit for EVs purchased in 2009. (See www.fueleconomy.gov/feg/tax_ev.shtml.)

For more information visit the Department of Energy's Energy Efficiency and Renewable Energy website, www.fueleconomy.gov/feg/taxeob.shtml.

Energy Efficient and Renewable Energy Mortgages

If you made your current home more energy efficient, built a new energy efficient home, or installed renewable energy technology, such as solar, wind, and/or geothermal in your home, you may qualify for a larger mortgage loan.

There are three types of energy efficient mortgages available:

1) Conventional energy efficient mortgages are available through private lenders who sell their loans to Fannie Mae and Freddie Mac. The lender is allowed to increase your mortgage loan by an amount equal to your home's estimated energy savings. If you get an energy efficient mortgage through Fannie Mae,

your home's value will be adjusted to reflect the value of the energy efficient measures.

2) Federal Housing Authority (FHA) energy efficient mortgages are available for manufactured and site-built homes through an FHA-approved lending institution. You must meet the income requirements for FHA Section 203(b) to qualify for this type of mortgage. Your loan may not be greater than the savings projected for the energy efficiency improvements made, and the loan may be insured for up to 5 percent of your home's appraised value. This mortgage may be combined with other types of FHA mortgages.

Your home may qualify if:

- It is owner-occupied;
- It is a new home;
- It an existing home; or
- It has up to two units

Limits on FHA mortgages vary depending on where you live and whether there is more one unit in the residence, and regular FHA loan limits do not apply to an energy efficient mortgage.

- To apply, visit your local Department of Housing and Urban Development (HUD) Field Office through an FHA-approved lending institution, or apply online at www.fha.com/energy_efficient.cfm
- For more information from FHA, visit www.fha.com/lending_limits.cfm
- For more information from HUD, visit www.hud.gov/offices/hsg/sfg/eem/energy-r-cfm, or call the Office of Single Family Housing at 800-569-4287

Energy Star® manufactured homes are also eligible for an FHA energy efficient mortgage. For more information, visit the Manufactured Housing Research Alliance at http://www.mhrahome.org/pages/es_lender.htm

The federal government insures an FHA or VA mortgage, and lenders are secured against default.

3) Department of Veterans Affairs (VA) energy efficient mortgages are available to veterans, reservists, and other qualified military personnel who purchase an existing home or refinance. Energy improvements are capped at \$3,000 to \$6,000, or more at the VA's discretion. Note that you may not include the cost of your own labor in the total amount. If you are interested in this loan, you should obtain a certificate of eligibility from a local lending office and submit it to a private lender approved by the VA.

- For more information, call the VA at 800-827-1000 or visit <http://www.homeloans.va.gov/rlcweb.htm>

The federal government insures an FHA or VA mortgage, and lenders are secured against default.

For more information on these programs:

Public Information, Internal Revenue Service

1111 Constitution Avenue, N.W.

Washington, D.C. 20224

Ph: 800-829-1040

<http://www.irs.gov>

If you have any additional questions about these programs, please call CUB, 1-800-669-5556, and ask for Rebecca Devens, policy analyst.

CUB works hard to maintain the accuracy and timeliness of this information, but programs often change and/or run out of money. CUB is not responsible for the administration of any of the programs described in this fact sheet. If you are having trouble applying for or receiving benefits from any of the programs described above, please contact the administrator of that program. Please notify CUB if you find any inaccuracies here.