Paying For It

a quick overview of financing options for homeowners

Terry Webster
Who we are..

- Minnesota Department of Commerce
  - Division of Energy Resources
    - State Energy Office
  - Providing energy information for over 35 years...
    - Energy conservation, efficiency, & renewables
    - Through technology, analysis, grants, programs, & public outreach
    - Data, reports, publications, presentations, website, call center, training, public events
Steps to Home Energy Improvements Nirvana

- **Understanding**
  - Books, friends, events, web
  - Advanced Energy Assessment

- **Contemplation**
  - Identify goals, resources, opportunities

- **Action**
  - Estimates, bids, contractor research
Steps to Home Energy Improvements Nirvana

- Panic
  - How much? You’re kidding, right?
  - Partner discord

- Denial
  - Search for mistakes, minimizing issues

- Delay
  - Need more bids
  - Maybe next year
Steps to Home Energy Improvements Nirvana

FINANCING OPTIONS!
Financing Options:

• Loans
• Rebates
• Tax Credits
• Low Income Programs
Loans

- Bank home improvement loan
- Refinance existing mortgage
- Minnesota Housing Fix-up Loans
- Municipal Programs
Minnesota Housing Fix-up Loan

• Since 1995, provided affordable financing to over 39,000 homeowners to:
  • Make repairs and upgrades (including energy-related) to their homes
Fix-up Loan

• Program details:
  • Finance projects up to $35,000
  • Less equity than traditional loans
  • 5.99% interest rate
  • Reduced rate with a first mortgage
  • Maximum term: 10-20 years
Fix-up Loan

• Eligible Improvements
  • Basic and permanent residential repairs, remodeling, and energy conservation

• Reduced rate for:
  • ENERGY STAR-rated furnace, central air conditioner, water heater, insulation, or air sealing
Fix-up Loan

• Borrower Eligibility:
  • Owner /occupant of property
  • Household income less than $96,500
  • Bids or estimates required
  • Decent credit – credit score: 620
  • Ability to repay a loan
Fix-up Loan

- Eligible Property:
  - Single family home
  - Duplex, tri-plex, 4-plex
    - Homeowner must occupy 1 unit
  - Townhome or condo
    - Common areas not eligible
  - Manufactured home
    - Permanently affixed to a foundation, utilities in place, financed and taxed as real property
Municipal Loan Programs

- Varies by city/county
- Usually income/household size qualified
- Some have deferred payments/interest
Municipal Loan Programs

- City of St. Paul

Welcome to Affordable Home Improvement Loans

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME LIMITS FOR 4% INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
</tr>
<tr>
<td>$45,100</td>
</tr>
<tr>
<td>7 Persons</td>
</tr>
<tr>
<td>$79,900</td>
</tr>
</tbody>
</table>

Minimum Loan Amt: $2,000
Maximum Loan Amt: $35,000

* Competitive interest rates are also available for higher income households up to $96,500 gross, regardless of family size.

Eligible Improvements
- A room addition or a new garage,
- Furnace/air conditioning installation,
- Roof replacement, a new paint job, or siding,
- Upgrade or replace electrical wiring,
- Septic system repairs or plumbing,
- Energy conservation, including replacing windows and doors or insulating walls or attic space,
- Accessibility improvements such as bathroom accessibility remodeling or

Terms and Eligibility
- Secured loans: Loan amounts from $2,000-$35,000 and up to 20 years to repay; Minimum credit score of 620
- Unsecured loans: Loan amounts from $2,000-$10,000 and up to 10 years to repay; Minimum credit score of 680
Municipal Loan Programs

• City of St. Paul

Welcome to Home Improvement Deferred Payment Loans

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME LIMITS FOR DEFERRED PAYMENT LOANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>$28,850</td>
</tr>
<tr>
<td>7 Persons</td>
</tr>
<tr>
<td>$51,050</td>
</tr>
</tbody>
</table>

Minimum Loan Amount: $1,000  Maximum Loan Amount: $25,000

Eligible Improvements
• Basic and necessary improvements that directly affect the safety, habitability, energy efficiency, and accessibility of your home, and
• Correction of lead-based paint hazards is required.

Terms and Eligibility
• Secured with a mortgage at 0% interest,
• Repayment is deferred until the borrower sells, transfers title, or no longer lives in the property, and
• Forgiven after 30 years of continued ownership and occupancy.
• $25,000 Maximum asset limit

Saint Paul Home Loan Fund
Zong.T.Vang@ci.stpaul.mn.us  651-266-6564
www.stpaul.gov/cityliving
Rebates

• Municipalities
  • Limited, not common

• Manufacturers/Retailers
  • Mail-in, POS discounts, Installation offers
    • Be certain of highest efficiency, ENERGY STAR!

• Utilities
  • Widespread, ever-changing
    • Appliances, HVAC, envelope, renewables
Rebates: Manufacturer

HVAC Rebates and Financing Offers

Bring your system out of the Stone Age.

Save up to $1,975 on a new home comfort system.
Upgrade to the exceptional comfort and efficiency of a new Lennox® home comfort system today and leave your old system in the dust. You'll enjoy some serious savings right now, with up to $1,975 in rebates and tax credits, and you'll save energy every month. All without sacrificing comfort.

Receive up to $1,100 on a complete home comfort system* that includes:
- gas or oil furnace
- air conditioner or heat pump
- thermostat

Receive up to $300 in rebates when you purchase four or more solar modules**

Receive up to $75 in rebates when you purchase a PureAir™ Air Purification System*

Receive up to $500 in tax credits*
Rebates: Utility

Solar*Rewards
Get rebates, reimbursed for solar energy in Minnesota

Overview

Minnesota customers, are you considering a solar power system to produce renewable energy for your home or business? We can help. Solar*Rewards® offers incentives and rebates for installation of photovoltaic (PV) solar panels.

Reduce your energy bill by producing your own renewable energy. In addition, if you do not consume all of your PV production, the excess generation will be credited on your bill.

Currently, the state of Minnesota also offers an additional rebate if you buy solar panels involving Minnesota manufacturers. See Minnesota Bonus Rebate Program for more information. Other rebates, grants or tax credits may be available.

We must have done our Home Energy Audit or Turn Key Energy Assessment in the last three years on the property where you plan to install the system. Assessments and audits by other organizations do not qualify.

Note: Participation in the Solar*Rewards program requires preapproval of your planned system before purchase and installation.

If you’re considering solar power, we can help you maximize your benefits. Apply online today at xcelenergy.solarrewards.com or email SolarProgramMN@xcelenergy.com if you have questions. For details and requirements, see below.
Federal Tax Credits

• HVAC, insulation, air-sealing, envelope improvements, more
  • Up to 10%, capped at up to $500
    • Expires 12/31/13

• Renewables: solar, small wind, GHSP
  • 30%, no limit
    • Expires 12/31/16
Federal Tax Credits for Consumer Energy Efficiency

Please note, not all ENERGY STAR qualified products qualify for a tax credit. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, will pay you back in lower energy bills within a reasonable amount of time, without a tax credit.

### 2012 & 2013 Tax Credits

<table>
<thead>
<tr>
<th>What You Need to Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What is included in the 2012 and 2013 Federal Tax Credit?</td>
</tr>
<tr>
<td>• How do I apply for my Federal Tax Credit?</td>
</tr>
</tbody>
</table>

#### What is included in the 2012 and 2013 Federal Tax Credit?

The following applies to the 6 product categories below:

- **Tax Credit:** 10% of cost up to $500 or a specific amount from $50-$300 per credit. Expires: December 31, 2013
- **Details:** Must be an existing home & your principal residence. New construction and rentals do not qualify.

- Biomass Stoves
- Heating, Ventilating, Air Conditioning (HVAC)
- Insulation
- Roofs (Metal & Asphalt)
- Water Heaters (non-solar)
- Windows & Doors

The following applies to the 3 product categories below:

- **Tax Credit:** 30% of cost with no upper limit. Expires: December 31, 2016
- **Details:** Existing homes & new construction quality. Both principal residences and second homes qualify. Rentals do not qualify.

- Geothermal Heat Pumps
- Small Wind Turbines (Residential)
- Solar Energy Systems
Low income programs

• Heating Assistance
  • Help with utility bills

• Weatherization Assistance
  • Fix up homes so they use less energy

• Applications & information:
  • Local Community Action Agencies
  • On our website or 800-657-3710
Resources

• Minnesota Housing Finance Agency
  • www.mnhousing.gov

• Database of State Incentives for Renewables & Efficiency
  • www.dsireusa.org

• ENERGY STAR
  • www.energystar.gov

• Minnesota Department of Commerce, Division of Energy Resources
  • www.energy.mn.gov
Questions?

Terry Webster

terry.webster@state.mn.us
651-296-6984