

# Catalyst Term Loan

## FREQUENTLY ASKED QUESTIONS



### **Who can use the Catalyst Term Loan?**

The Catalyst Term Loan is designed for low- and moderate-income multifamily properties and community based non-profit organizations looking to address energy, and health and safety improvements to their buildings.

### **What energy improvements are eligible for financing?**

Any building improvement that have proven energy savings for a building's current baseline energy use is eligible for Catalyst financing. Typical improvements include, lighting, insulation, windows, HVAC upgrades, and solar installations.

### **What are the size limits for the Catalyst Term Loan program?**

The Catalyst Term Loan program has a minimum loan amount of \$50,000 and a maximum loan amount of \$2,000,000. In certain cases, higher loan amounts may be considered; please contact IPC for details.

### **Can non-energy and water-related improvements also be financed?**

Yes. Up to 25% of the total loan amount may be used for non-energy related improvements, subject to underwriting. Examples include, roof replacement, vegetation removal, distribution trenching, health and safety remediation such as mold remediation, etc.

### **How is the Catalyst Term Loan underwritten?**

The Catalyst Term Loan is underwritten based on projected energy savings from the installation of the proposed energy improvements, and an applicant's financial history. Please refer to the Catalyst Loan Term Sheet for more information.

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### How are “energy savings“ determined?

Energy savings are based on the anticipated reduction in energy costs property owners are expected to see over the estimated useful life, or life expectancy, of the financed equipment and measures. The calculated savings typically include decreased electric, heating, cooling, water use, operations, maintenance, and insurance costs.

### Is the Catalyst Term Loan secured?

The Catalyst Term Loan is considered an unsecured loan. Multifamily properties with existing debt typically encounter difficulties adding additional mortgage debt. In these instances, UCC-1 filings will be established on all energy saving measures installed via the loan. Mortgages may be required for new construction or gut rehabilitation projects. A due-on-sale clause and an “Affidavit of Facts Affecting Title to Real Property” (depending on ownership) will also be required to be signed and filed on municipal land records.

### What is the maximum term length for the Catalyst Term Loan?

Loan terms are available up to 20 years. Loan terms cannot exceed the estimated useful life, or life expectancy, of energy saving measures installed. For example, if the estimated useful life of a water heater is 10 years, the maximum financing term is 10 years. If multiple measures are financed, the term cannot exceed the

average estimated useful life of all measures installed.

### Can incentives offered by my state or utility be used to lower loan principal?

Yes. IPC encourages building owners to apply incentives to the loan principal for the installed cost of energy saving measures. IPC works with property owners to ensure that any available incentives and grants are identified and applied to the project

### How long does the project approval process typically take?

Once a complete application is received, IPC will work diligently to underwrite and prepare a loan approval document for submission to the Catalyst Loan Committee. The loan committee meets every three weeks to review project applications; therefore, applicants can expect an approval within three weeks of a completed application submission.

### In the case of, an emergency replacement, can the project approval timeline be accelerated?

In extreme circumstances, yes; however, the timeline is dependent on the submission of a completed application which includes all required documents (See application checklist here)