Multifamily, Nonprofit, and Municipal-Owned Buildings

INCLUSIVE PROSPERITY CAPITAL™

Catalyst Construction & Term Loan

FREQUENTLY ASKED QUESTIONS

Who can use the Catalyst Loan?

Affordable and market-rate multifamily properties with five or more units that are improving energy performance and resiliency can apply for Catalyst Loans. Co-ops, condominiums, and rental properties are all eligible. Buildings owned by nonprofits and municipalities are also eligible, including community centers and houses of worship.

What improvements are eligible for financing?

All energy performance improvements are eligible, as well as measures to improve a building's health, safety or resiliency. Examples include lighting, insulation, windows, HVAC upgrades, and solar PV installations. Many of these upgrades have proven operating cost savings that may help to fund the loan. Speak with a Catalyst Loan officer to learn about other eligible improvements.

Can non-energy improvements also be financed?

Yes. You can use a Catalyst Loan for improvements that enable the implementation of energy measures, subject to underwriting. Examples include roof replacement related to solar installations, electrical system upgrades, utility line trenching, and mold, radon, or asbestos abatement related to weatherization.

What are the size limits for the Catalyst Loan?*

Catalyst has a minimum of $50,000 and a maximum of $2,000,000. Higher loan amounts may be considered. Contact info@inclusiveteam.org.

Is the Catalyst Loan secured with a mortgage?

No. The Catalyst Loan is an alternatively secured loan. Properties with existing debt typically encounter difficulties adding mortgage debt, and in these instances, IPC will file UCC-1 filings for equipment funded by Catalyst. IPC may require corporate or parent company guarantees, collateral assignments of co-op or condo homeowner association (HOA) fees, or assignments of contracted rebates. In rare cases, IPC may secure the loan with a mortgage, if allowed or required by other lenders.

What is the maximum term length for the Catalyst Loan?*

Loan terms are available for up to 20 years. They cannot exceed installed energy-saving measures' average useful life or life expectancy. For example, if the estimated useful life of a water heater is ten years, the maximum financing term is ten years.

Can I use utility, state or federal incentives to lower my loan principal?

Yes. IPC will work with you to identify and apply all available incentives and grants to the project, including rebates from your local utility, state and other incentives, including from the federal Inflation Reduction Act. Catalyst Loans can also bridge the period until such rebates and incentives are received.

*Terms and rates are subject to change.

To learn more and apply, visit www.inclusiveprosperitycapital.org/catalyst

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How is the Catalyst Loan underwritten?

The Catalyst Loan is underwritten based on total debt and the projected income and expenses of your property, including projected savings from Catalyst funded improvements.

How are "projected operating cost savings" determined?

Projected operating cost savings are the anticipated reduction in energy and other costs a property owner is 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.

Does Catalyst have closing costs and fees?

The Catalyst Loan carries a 3% closing fee, which you may include in the loan amount.

The fee includes the legal costs associated with preparing standard loan documentation, and standard filing fees. The borrower pays for any legal fees IPC incurs to negotiate non-standard language.

Does Catalyst have a pre-payment fee?

No, there is no pre-payment fee for Catalyst. Pre-payment of Catalyst Loans is common practice across our portfolio. IPC supports customers who want to capitalize on the increased valuation resulting from a more profitable, efficient property. IPC often sees borrowers use Catalyst as a bridge loan for a few years, enabling them to take immediate advantage of energy savings and then refinance later.

How does Catalyst deal with rebates for installed equipment? Can Catalyst bridge the rebates?

Yes. Catalyst Loans can be structured to bridge rebates and other incentives for Catalyst-eligible measures. For projects where you expect to receive rebates upon completion, IPC may require you to assign those rebate funds as security for the Catalyst Loan. IPC may also require you to pay down the principal balance using those rebate funds before beginning the amortization phase.

Does Catalyst have affordability requirements?

No, Catalyst does not have affordability requirements. However, properties serving low- and moderate-income residents, including affordable, rent-restricted housing and naturally occurring affordable housing (NOAH) are eligible for lower rates.

How does the application process work?

The Catalyst application is simple. To get started, you submit basic information about your property and financials. If your property is eligible, IPC will send you a personalized application portal which lists additional required information. A scope of work with budget and projected energy and cost savings is required.

If the loan meets IPC underwriting requirements, IPC will approve the loan and immediately begin the closing process.

How long does the project approval process typically take?

Loans are typically approved within 90 days of a complete application.

What if I don't know my project scope?

IPC offers the Navigator Pre-development Loan to help you plan, assess, and design energy- and resiliency-related upgrades. Eligibility requirements are like those for Catalyst, and Navigator Loans can convert into Catalyst Loans with a rate discount on the original Navigator Loan.

Do I need an energy audit to apply for Catalyst?

In many cases, an ASHRAE Level 2 audit is required to determine the scope and projected energy savings. If you have an eligible scope of work and an incentive commitment from a utility, an ASHRAE energy audit may not be needed. If an audit is still required, you can apply for a Navigator Pre-Development Loan to cover those costs. Contact IPC to learn more.

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To learn more and apply, visit www.inclusiveprosperitycapital.org/catalyst

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