

Catalyst Term Loan

FREQUENTLY ASKED QUESTIONS



What is the relationship between Inclusive Prosperity Capital and the Philadelphia Energy Authority?

Inclusive Prosperity Capital (IPC) and the Philadelphia Energy Authority (PEA) entered into a cooperative agreement in 2019 to introduce the Navigator and Catalyst loans in the Philadelphia market. PEA is engaging with property managers, owners, developers, and contractors to provide market education about these loan products, as well as providing assistance to identify eligible projects and prepare loan applications. IPC is performing the loan underwriting and managing the loan approval, closing, and servicing processes, as well as providing capital to fund the loans.

What energy improvements are eligible?

Any building improvements that have proven energy savings from a building's current baseline energy use are eligible for Catalyst financing. Related maintenance cost savings are also taken into account. Typical improvements include, lighting, insulation, windows, HVAC upgrades, and solar installations.

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 in their buildings.

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.

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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.

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.

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

Is the Catalyst Term Loan secured?

The Catalyst Term Loan is not secured by a mortgage for most properties. Multifamily properties with existing debt typically encounter difficulties securing approval for and adding additional mortgage debt. UCC-1 filings will be placed on energy saving measures funded by the loan. IPC may also seek a collateral assignment of co-op or condominium homeowner's association fee income as well as corporate or personal guarantees. Mortgages may be

required for new construction or gut rehabilitation projects. The program is carefully designed to accommodate appropriate security options for the various multifamily ownership types which include private and non-profit owned buildings, municipal buildings, co-ops, and condominiums.

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.

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](#))