JOB AID · MGBA-CBCU-JA-01

Senior Lender Consent Review Checklist

Reviewing a C-PACE consent request on a routine commercial file

Track	MGBA-CBCU-101 · C-PACE for Community Banks and Credit Unions
Segment reference	Module 3, Segment 3.3
Intended user	Credit or lending staff. No specialist knowledge assumed.
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How to use this checklist. Work top to bottom on a single file. Sections A through D are verification: you are confirming that the package in front of you describes the property you financed. Section E is where your judgment operates. Section F identifies the one provision that is not available to negotiate. Section G lists the conditions that take the file out of routine handling and to counsel.

Two people at your institution should be able to complete Sections A through E on a routine file without counsel involvement. If any item in Section G is triggered, stop and escalate.

Before you begin — assemble four items

The consent request itself, including any exhibits and the form of assessment agreement.

Your loan file, current: note, mortgage or deed of trust, most recent appraisal, and current payment status.

The project budget and scope, showing which costs are proposed for the assessment and which are not.

The engineer's certification, or written confirmation of when it will be delivered.

Section A — Parcel and party verification

Ownership changes and parcel splits are the most common source of a defective package. Verify against your own file, not against the cover memo.

- ☐ The parcel identification number on the consent matches the parcel securing your loan.
- ☐ The legal description matches your mortgage or deed of trust.
- ☐ The record owner named on the consent is the borrower on your note, or the relationship between them is documented.
- ☐ No parcel split, lot line adjustment, or consolidation has occurred since your loan closed. If one has, confirm which parcel carries your lien and which carries the proposed assessment.
- ☐ Any additional parcels in your collateral pool that are not part of this assessment are identified as such.
- ☐ The property is located in a community that has joined the district. If unconfirmed, the transaction cannot proceed regardless of your consent.

Section B — The assessment

- ☐ The assessment amount is stated, and you have compared it to your loan balance, to the most recent appraised value, and to the total project budget.
- ☐ **The term is stated and does not exceed twenty years.** Missouri caps assessment contracts at twenty years and the term may not exceed the weighted average useful life of the improvements financed. A term of twenty-five or thirty years is not available in Missouri; if you see one, the document is not a Missouri instrument.
- ☐ The annual installment is stated separately from the assessment total.

- ▢ **The annual installment has been run through your debt service analysis alongside taxes and insurance.** This is the number that affects your coverage. The assessment total is not.
- ▢ The billing and collection mechanism is described — installments appear on the property tax bill and follow the applicable collection process, not a separate servicing relationship.
- ▢ Whether the rate is fixed at closing is stated, and if it is not, the adjustment mechanism is described.
- ▢ Prepayment terms are identified. These vary by capital provider and by transaction and do not mirror your loan documents. Read them if your borrower may sell inside five years.

Section C — Priority and non-acceleration

Section 3.2 of the program and JA-02 cover the analysis. This section confirms the document says what the structure says.

- ▢ The consent acknowledges the priority of the assessment. This is the operative provision of the instrument.
- ▢ **The document contains no acceleration provision.** A C-PACE assessment does not accelerate on default; what can become delinquent and carry priority is the billed and unpaid installment, not the unbilled remainder. Language purporting to accelerate is non-standard and goes to counsel.
- ▢ Transfer on sale is addressed — the remaining assessment ordinarily stays with the property and does not follow the departing owner personally.
- ▢ You have sized the priority exposure and written the number down: annual installment × the number of billing cycles that could realistically pass before you complete enforcement, plus amounts accruing under the applicable collection process. Carry that figure into the credit memo, not the face amount of the assessment.

Section D — Project and certification documents

- ▢ The improvements are described, and the described scope is consistent with the project budget you were given.
- ▢ Costs proposed for the assessment are eligible improvement costs and associated hard and soft costs. Ineligible scope — tenant build-out is the common example — is excluded from the assessment amount.
- ▢ **A qualified engineer's certification is in the file or scheduled for delivery.** See JA-03. Treat it as an eligibility gate, an independent technical review, and a credit control at once.
- ▢ The engineer is neither the contractor performing the work nor the capital provider funding the assessment.
- ▢ You have identified who delivers completion documentation to you, and when.

Section E — Conditions to consider

Consent is not binary. Conditioning is where your leverage sits, and each of the following is requested and granted routinely in Missouri transactions.

- ▢ **Notice of delinquency to the mortgage holder.** You learn about a problem when it occurs rather than at a tax sale. This is the single highest-value condition on the list.
- ▢ **Escrow of the installment alongside taxes and insurance.** Removes most of the delinquency risk that motivated the review in the first place.
- ▢ A cap on the assessment as a percentage of stabilized value.
- ▢ Delivery of completion documentation and the engineer's certification into your file.
- ▢ Notice to the mortgage holder of any amendment, re-amortization, or additional assessment on the same parcel.
- ▢ Confirmation of sequence at closing — consent in hand before the assessment is placed, with title work reflecting both. Give your closing attorney the reference materials in advance rather than at the table.

Section F — Not available to negotiate

> **Subordination of the assessment to your mortgage**
> The statutory priority of a special assessment is a feature of the instrument, not a term of the deal. A consent that purports to subordinate the assessment is not a consent — it is a request for something the structure does not offer, and it will stall the transaction.
>
> *Condition well and you protect the institution. Refuse reflexively and you protect nothing, because the borrower's project does not stop. It moves.*

Section G — Escalation triggers

Any one of the following takes the file out of routine handling. Route it to counsel with this checklist attached, showing what has already been verified.

- Record ownership does not match your borrower, or the ownership chain is unresolved.
- A parcel split, consolidation, or boundary change has occurred since your loan closed.
- The consent contains acceleration language, or priority language that differs from the standard form.
- The assessment exceeds your institution's threshold as a percentage of value, or combined assessment and mortgage debt exceeds it.
- A prior C-PACE or other special assessment already encumbers the parcel.
- The property is a leasehold, a ground-leased parcel, or is owned by a tax-exempt or governmental entity.
- The loan is on a watch list, in workout, or past due.
- The project scope includes water conservation or resiliency measures, pending confirmation of their eligibility treatment.
- The proposed term exceeds twenty years, or exceeds the weighted average useful life stated in the certification.
- You are asked to sign at closing without the certification, or without a delivery date for it.

Reviewer record

Item	Entry
Borrower / parcel	
Loan number	
Assessment amount / term / annual installment	
Sized priority exposure carried to credit memo	
Conditions requested	
Determination	Consent ▢ Consent with conditions ▢ Escalated to counsel ▢
Reviewer / date	

This checklist is a reference tool for internal credit use. It is not legal advice and does not substitute for review of the specific instrument by your own counsel. Missouri Green Banc administers the Missouri Clean Energy District and is not a party to your credit decision.