JOB AID · MGBA-CBCU-JA-02

Assessment Lien Briefing

Priority, non-acceleration, transfer, and post-foreclosure treatment — one page for a credit committee

Track	MGBA-CBCU-101 · Module 3, Segment 3.2 · Version 1.0 · September 1, 2026
Status	Draft — counsel clearance required before release

What the instrument is

A C-PACE assessment is a voluntary special assessment levied on a parcel under §67.2800 RSMo, repaid in installments billed with the property tax bill over a term of up to twenty years that may not exceed the weighted average useful life of the improvements financed. It is not a loan secured by a mortgage, and analyzing it as one produces the wrong answers.

Absent from the instrument: no note, no maturity date the borrower must refinance into, no personal guarantee, no covenant package, and no borrower-level default that trips anything at your institution. The obligation attaches to the parcel.

Priority and non-acceleration

A special assessment carries the priority of a property assessment, which sits ahead of a mortgage. A lender meeting this for the first time reasonably concludes that the entire assessment balance is senior to the loan. That conclusion is not correct.

> **The assessment does not accelerate.** There is no provision by which a default causes the full remaining balance to come due. What can become delinquent, and what can carry priority, is the installment that was billed and not paid — not the unbilled remainder.

The exposure being priced is therefore not the face amount of the assessment. It is the installments that could come due and go unpaid ahead of enforcement, plus accruals under the applicable collection process.

Sizing the exposure

Size it as any other priority claim: annual installment × the number of billing cycles that could realistically pass before enforcement is complete, plus amounts accruing on a delinquent assessment. Against a two million dollar assessment, the figure carried into the credit memo is not two million dollars — it is a small multiple of one year's installment. That is the number the committee is actually asking for.

[Counsel / program review — billing cycles and accrual components to be confirmed against actual Missouri collection timelines before this is presented as a sizing method.]

Transfer and post-foreclosure treatment

On transfer, the remaining assessment ordinarily stays with the property; the obligation does not follow the departing owner personally. Foreclosure does not extinguish it — a foreclosing lender takes the property with the remaining installment stream attached and the financed improvements in place.

[Counsel review — confirm and state verbatim before release.]

Question	Answer
Is the assessment senior to our mortgage?	The delinquent installment carries assessment priority. The unbilled remainder does not.
Can it accelerate on default?	No. There is no acceleration provision.
What exposure do we carry?	A small multiple of one annual installment, plus accruals — not the face amount.
Maximum term?	Twenty years, and not exceeding weighted average useful life of the improvements.
On sale or foreclosure?	The remaining assessment stays with the property, along with the improvements it financed.

Question	Answer
Guarantee, or credit opinion, from the district?	Neither. No reserve, no credit enhancement; program approval is a compliance determination only.

Reference tool for internal credit use. Not legal advice. MGB administers the Missouri Clean Energy District and is not a party to your credit decision.