JOB AID · MGBA-CBCU-JA-04

C-PACE Term Sheet Reader

The six provisions to locate first, and what each one is doing

Track	MGBA-CBCU-101 · C-PACE for Community Banks and Credit Unions
Segment reference	Module 3, Segment 3.1 · Module 4, Segment 4.1
Intended user	Credit and lending staff, in either the consenting or the originating role
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C-PACE term sheets vary in format by capital provider. They do not vary much in content. Six provisions carry the analysis; locate those first and the rest of the document reads quickly. Terminology below is the terminology used in Missouri transactions — a term sheet using loan vocabulary throughout is worth a second look, because the instrument is an assessment and the vocabulary usually tells you whether the drafter knows that.

The six, in the order to find them

#	Provision	What to check	Common variance
1	Parcel and record owner	Parcel identification and legal description match your file; record owner matches your borrower or the relationship is documented.	Entity formed for the project; parcel split since your loan closed.
2	Assessment amount and eligible costs	What is inside the assessment and what is not. Hard costs, and soft costs including design, engineering, and permitting, are eligible. Ineligible scope — tenant build-out is the usual example — must sit outside.	Capitalized interest, reserves, and closing costs treated differently by provider.
3	Term and weighted average useful life	Term stated, twenty years or less, and not exceeding the weighted average useful life in the engineer's certification. Both constraints apply; the shorter governs.	National templates carrying twenty-five or thirty years. Not available in Missouri.
4	Annual installment and billing	The installment, separately from the total. Billed with the property tax bill; collected under the applicable collection process, not through a servicing relationship.	Semi-annual versus annual billing; first-year stub or partial installment.
5	Priority and non-acceleration	Assessment priority acknowledged; no acceleration provision anywhere in the document. What can carry priority is the billed and unpaid installment, not the unbilled remainder.	Non-standard priority language, or an acceleration clause imported from loan paper. Both go to counsel.
6	Prepayment and transfer	Prepayment terms, lockout periods, and premiums. Transfer on sale — the remaining assessment ordinarily stays with the property.	Prepayment varies materially by provider and transaction. It does not mirror your loan documents.

Reading notes

On the assessment amount

Compare it to three numbers before anything else: your loan balance, the most recent appraised value, and the total project budget. The relationship between the assessment and the portion of the budget it is funding tells you immediately whether ineligible scope has been included.

On the term

> **Twenty years, and not to exceed weighted average useful life**
> Missouri caps assessment contracts at twenty years. The term may also not exceed the weighted average useful life of the improvements financed. You will encounter national C-PACE material describing twenty-five and thirty-year terms; those are available in other states and are not available here. A Missouri term sheet showing a longer term is either not a Missouri instrument or is drafted in error.

On the installment

The annual installment is the number that affects your debt service analysis. Run it the way you run property taxes: as a fixed annual obligation on the parcel, senior in the sense that a delinquent installment carries assessment priority, and escrowable. The assessment total belongs in the collateral discussion, not the coverage calculation.

On priority language

The priority acknowledgment is the operative provision of the consent, and it is a feature of the instrument rather than a negotiated term. What is negotiable sits elsewhere — see JA-01, Section E. A term sheet or consent that purports to subordinate the assessment to your mortgage is asking for something the structure does not offer.

On prepayment

This is the provision most often assumed rather than read. Prepayment terms vary by capital provider and by transaction, and they do not mirror your loan documents. If your borrower may sell inside five years, read this section before you reach any conclusion about what a sale will cost them.

Quick screen

Six questions. If all six answer cleanly, the term sheet is routine.

- [ ] Does the parcel match my file?
- [ ] Is the assessment amount consistent with the eligible portion of the budget?
- [ ] Is the term twenty years or less, and within the weighted average useful life?
- [ ] Do I have the annual installment, and have I run it through debt service?
- [ ] Is priority acknowledged, with no acceleration provision anywhere in the document?
- [ ] Have I read the prepayment and transfer provisions rather than assumed them?

Specimen provisions described here are illustrative of Missouri practice and are not a form. The governing terms are those in the executed assessment agreement and consent instrument for the specific transaction. This reader is not legal advice.