MISSOURI GREEN BANC · MGB ACADEMY

Senior Lender Consent

A briefing sheet for the mortgage lender or construction lender

DOCUMENT	MGBA-DEV-JA-02
MODULE	Segment 5 — Timing, Lender Consent, and Sequence
USE	Hand to your banker at the senior debt term sheet stage
AUDIENCE	Commercial real estate lender and credit committee
VERSION	v1.0 — Draft for Review

This sheet is written to be handed to a lender and read without the developer in the room. It states what a C-PACE assessment is, what the lender is being asked to consent to, and what the consent does and does not change about the lender's position.

It is a summary for orientation. It is not legal advice, and it does not modify any loan document or assessment instrument. Missouri Green Banc and the capital provider will engage the lender directly on the credit analysis.

WHAT THE BORROWER IS PROPOSING

The borrower is proposing to fund a portion of eligible project costs through a Commercial Property Assessed Clean Energy (C-PACE) assessment under the Missouri Property Assessment Clean Energy Act, §67.2800 et seq. RSMo. The assessment is levied by the Missouri Clean Energy District, the statutory clean energy development board, which Missouri Green Banc administers on behalf of more than three hundred member communities covering roughly sixty-two percent of Missouri's population.

The capital is private. The public role is the assessment mechanism, not the money.

> **TERMINOLOGY**
> This is a voluntary special assessment, not a loan. That characterization is what produces the priority position, the transferability on sale, and the non-recourse treatment. Routing it to a department that analyzes it as subordinate debt will produce the wrong analysis.

WHAT YOU ARE BEING ASKED TO CONSENT TO

Because the assessment is collected through the property tax mechanism, it occupies the property tax priority position, which is senior to the mortgage lien. Missouri lenders are asked to acknowledge and consent to the assessment in writing before it is levied.

You are being asked to	You are not being asked to
Acknowledge that a voluntary special assessment will be levied on the property and collected with property taxes.	Subordinate your mortgage lien to a private lender.
Consent to the assessment as a permitted encumbrance under the loan documents.	Waive any remedy, covenant, or reporting requirement in your loan documents.
Accept that the annual installment is collected in the property tax priority position.	Accept acceleration of the assessment balance ahead of your loan on default.
Confirm that payment of the annual installment is a permitted use of project cash flow.	Advance any additional proceeds or increase your commitment.

THE THREE POINTS YOUR CREDIT COMMITTEE WILL WANT

One. Only the annual installment is senior — not the outstanding balance.

The assessment does not accelerate. In any given year, the amount standing ahead of the mortgage is a single annual installment, in the same posture as the property tax bill you already underwrite around. The full outstanding balance is never senior to the loan.

Two. The funded improvements increase net operating income and asset value.

The assessment funds mechanical, envelope, electrical, water, and resiliency scope that reduces operating cost and extends asset life. The collateral you are lending against is improved by the proceeds. Where the improvements are new-construction scope, they are scope the project was building regardless — the assessment changes how it is funded, not what is built.

Three. In most structures the assessment reduces total leverage rather than increasing it.

C-PACE ordinarily displaces mezzanine debt, preferred equity, or common equity — not senior debt. The result in a typical structure is that higher-cost subordinate capital comes out of the stack and long-term amortizing capital goes in, at a lower annual carrying cost. Ask the borrower for the sources and uses with and without the assessment; the comparison is usually the fastest way to see the effect on the credit.

MECHANICS SUMMARY

Feature	Treatment
Instrument	Voluntary special assessment under an assessment contract with the Missouri Clean Energy District
Priority	Property tax priority position. Annual installment only; no acceleration of balance
Recourse	Non-recourse to the borrower and sponsor. No personal or completion guarantee against the assessment
Term	Up to twenty years, not to exceed the weighted average useful life of the qualified improvements (§67.2800 RSMo)
Amortization	Fully amortizing over the term. No balloon and no maturity default

Feature	Treatment
Rate	Fixed for the full term
Collection	Billed and collected with the property tax bill through the ordinary collection process
Transfer on sale	Runs with the land. Remaining assessment transfers to the buyer; not accelerated or defeased at closing
Prepayment	Generally restricted or subject to a premium. Confirm in the assessment documents
Consent	Written consent of the existing mortgage holder is required before the assessment is levied

TIMING

Consent is materially easier to obtain when the assessment is disclosed while the senior debt is still being negotiated. Disclosed at term sheet, the lender underwrites one structure once and consent becomes a documented closing condition. Raised after the loan has closed, the same request becomes an amendment to a funded facility, which takes longer and often costs more on both sides.

> **FOR THE LENDER**
> If this sheet reached you after your loan closed, the request is still workable — but tell the borrower early what your amendment process requires. The most common source of delay is a consent request that arrives without the credit analysis attached.

DOCUMENTS AVAILABLE ON REQUEST

- Draft assessment contract and MCED lender consent form
- Sources and uses with and without the assessment
- Energy model and eligible cost allocation supporting the assessment amount
- Amortization schedule showing the annual installment across the term
- MCED program guidelines and fee schedule

WHO TO CONTACT

Missouri Green Banc administers the Missouri Clean Energy District and will engage directly with your credit team. The capital provider will lead the credit conversation. The developer does not need to conduct it — but does need it to start early.

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This briefing sheet is provided for informational purposes. It does not constitute legal, tax, or accounting advice, and it does not amend or supersede any loan document, assessment contract, or program guideline. Lenders should review the actual instruments with counsel.

Markets set in motion. It all starts with collaboration.