MISSOURI GREEN BANC · MGB ACADEMY

Objection Response Card

What developers say, and the accurate answer

DOCUMENT	MGBA-DEV-JA-08
MODULE	Segment 6 — Four Project Types
USE	Internal reference for capital markets and partner conversations
VERSION	v1.0 — Draft for Review

Each objection below is reasonable. Several are correct in specific circumstances, and the answer says so. Nothing here is written to close a conversation — a developer who talks themselves into a structure that does not fit their hold period is a bad outcome for everyone.

THE SIX WE ACTUALLY HEAR

What the developer says	The accurate answer
"It's senior to my lender. That's a non-starter."	Only the annual installment is senior, not the balance. The assessment does not accelerate. Consent is routinely obtained when raised at the right time; raised late it is genuinely hard. Timing is the variable, not the structure.
"The rate is higher than my construction loan."	Wrong comparison. C-PACE does not displace senior debt. It displaces mezzanine, preferred, or common equity. Compare it to fifteen percent preferred with a promote, not to your bank's construction rate.
"I'm selling in two years."	Then interrogate it honestly. Prepayment restrictions and transaction costs cut against a short hold. But the assessment transfers on sale — a buyer assumes it, you are not defeasing it. A real caveat, not an automatic disqualification.
"My deal is too small."	Possibly. Below a certain eligible-cost scale, transaction costs erode the advantage. But developers routinely underestimate eligible basis by ignoring envelope and soft costs. Have it sized before you conclude it is too small.
"This is a green building program. I'm not adding scope."	You are not adding scope. The improvements C-PACE funds — HVAC, envelope, roof, windows, lighting, plumbing, resiliency — are already in your drawings. It changes how that scope is funded, not what gets built. That is why it is a capital stack tool.
"It's a subsidy and there will be strings."	It is not a subsidy, not a grant, and not free money. It is a real obligation that a private capital provider underwrites and expects repaid over a long horizon. It carries a rate. The public role is the assessment mechanism, not the money.

THREE MORE THAT COME UP IN DILIGENCE

What the developer says	The accurate answer
"A buyer will just deduct it from my price."	Sophisticated buyers price it against the improvements and the NOI they produced. Less sophisticated buyers, or their brokers, sometimes treat it as a straight deduction. That is a disclosure and education problem at exit, and it is worth planning for — not a reason to reject the capital.
"Sixty to a hundred and twenty days will blow my closing."	It will if it starts late. Sequenced from predevelopment it runs parallel to work you are already doing. The underwriting timeline is a scheduling reality, not an obstacle.
"My project is already under construction — I missed it."	Not necessarily. Retroactive funding can reimburse eligible costs incurred within a defined lookback window. Ask before assuming. This is the application developers most systematically overlook.

WHEN THE OBJECTION IS RIGHT

There are projects this does not fit, and saying so plainly protects the relationship and the program. The mechanism is probably wrong when the hold period is genuinely short and prepayment is restricted; when eligible basis is small enough that transaction costs consume the rate advantage; when the senior lender has a firm institutional position and the loan has already closed; or when the project has no meaningful mechanical, envelope, or energy scope to finance.

> **THE STANDARD TO HOLD**
> Record the reason it did not fit and re-screen the next project. A developer who was told the truth on a deal that did not work is the one who calls back on the deal that does.

Markets set in motion. It all starts with collaboration.