MISSOURI GREEN BANC · MGB ACADEMY

# Terminology & Language Discipline

*Getting the words right, because the words produce the treatment*

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| **DOCUMENT** | MGBA-DEV-JA-10 |
| **MODULE** | Segments 0 and 2 |
| **USE** | Reference before any lender, partner, or investor conversation |
| **VERSION** | v1.0 — Draft for Review |

This is not marketing discipline. The legal characterization of the instrument is what produces the priority position, the transferability on sale, and the non-recourse treatment. Using the wrong word invites the wrong analysis from the wrong department at your bank.

## SAY THIS, NOT THAT

| Do not say | Say | Why it matters |
|---|---|---|
| **Loan** | Voluntary special assessment | The assessment characterization produces the priority position, the transferability, and the non-recourse treatment. "Loan" routes it to a department that will analyze it as subordinate debt. |
| **Borrower** | Property owner | There is no borrower. The owner enters an assessment contract with the district. |
| **Lien priority over the lender** | Property tax priority position | Precise and accurate. It also makes clear that only the annual installment sits ahead, in the same posture as the tax bill. |
| **Free money / grant / subsidy** | Long-term fixed-rate capital | It is a real obligation a private capital provider underwrites and expects repaid. Overclaiming here destroys credibility with a lender in one sentence. |
| **Green building program** | Capital stack tool | It funds scope already in your drawings. Framing it as a green program invites the wrong internal audience. |
| **Payoff at sale** | Transfers with the property | The assessment runs with the land. It is not defeased or prepaid at closing. |
| **Interest** | Assessment installment | The annual installment is a special assessment collected with property taxes. |

## THE SEVEN CHARACTERISTICS

The compressed version of Segment 2, in the order a lender or partner will ask about them.

| # | Characteristic | What it means |
|---|---|---|
| 1 | It attaches to the property, not to you | The obligation runs with the land — not the entity, the sponsor, or a guarantor. If the asset sells, the remaining assessment goes with it. |
| 2 | It is non-recourse | No personal guarantee. No completion guarantee against the assessment. Your balance sheet is not pledged. |
| 3 | It is repaid through the property tax bill | A special assessment line item collected through the ordinary tax collection process. That mechanism is why capital providers accept long terms at rates they would not offer on subordinate debt. |
| 4 | It funds up to one hundred percent of eligible costs | Hard costs, soft costs, engineering, energy modeling, commissioning, permitting, and in most structures capitalized interest and the transaction costs of the financing. |
| 5 | There is no maturity risk | Fully amortizing over the term. No balloon, no refinance risk, no maturity default. |
| 6 | It requires existing mortgage lender consent | The real gate. Because the assessment sits in the property tax priority position, the senior lender must consent in writing before it is levied. |
| 7 | Retroactive funding is available in many structures | Eligible costs incurred within a defined lookback window before closing can be reimbursed. Lookback periods vary by program and capital provider. |

## THE STATUTORY FRAME, STATED CORRECTLY

| Point | Accurate statement |
|---|---|
| **Authority** | Missouri Property Assessment Clean Energy Act, §67.2800 et seq. RSMo |
| **Levying body** | Missouri Clean Energy District, the statutory clean energy development board |
| **Administration** | Missouri Green Banc administers MCED on behalf of more than 300 member communities covering roughly 62% of Missouri's population |
| **Source of funds** | Private capital. The public role is the assessment mechanism, not the money |
| **Eligible categories** | Energy efficiency, renewable energy, water conservation, and resiliency improvements affixed to commercial property |
| **Maximum term** | Up to twenty years, not to exceed the weighted average useful life of the qualified improvements |

| Point | Accurate statement |
|---|---|
| **Qualifying standard** | Economic benefit is the statutory standard. A savings-to-investment ratio of at least 1.0 is an industry best-practice guideline and Missouri Green Banc's working requirement — not itself the statutory test |

***Markets set in motion. It all starts with collaboration.***