The Instrument

Seven characteristics a broker must be able to explain — to a sponsor and to a credit officer, sometimes in the same week

TRACK Loan Brokers — MGBA-LB-101
VERSION v1.0
ISSUED August 23, 2026
STATUS Draft for MGB review
SEGMENT 2 — The Instrument
USE Reference · keep at the desk

C-PACE is a voluntary special assessment placed on a property, authorized by state statute and levied by a local government authority. In Missouri that authority is the Missouri Clean Energy District, established under Section 67.2800 of the Revised Statutes of Missouri and administered by Missouri Green Banc on behalf of more than three hundred member communities covering roughly sixty-two percent of the state's population. Private capital funds every dollar. The public role is the assessment mechanism, not the money.

Seven characteristics produce nearly every other fact about the instrument. Learn these and you can handle most of the room.

#	Characteristic	What it means	How it lands with a credit officer
1	**It attaches to the property, not the borrower.**	The obligation runs with the land — not with the entity, not with the sponsor, not with a guarantor. On sale, the remaining assessment transfers to the buyer.	Removes the entity-level credit analysis a lender would apply to subordinate debt. It also means the lender is analyzing an encumbrance on collateral, not a second borrower relationship.
2	**It is non-recourse.**	No personal guarantee stands behind the assessment.	Materially different from the mezzanine and preferred structures you are quoting against. Sponsors running multiple entities notice this first.
3	**It is repaid through the property tax bill.**	A special assessment line item, collected through the ordinary tax collection process.	This collection mechanism is the entire reason the terms run as long as they do. Say so — it answers the "why is this so cheap" question before it is asked.
4	**It funds up to one hundred percent of eligible costs.**	Hard costs, soft costs, engineering, energy modeling, commissioning, and permitting. In most structures, capitalized interest and the transaction costs of the financing as well.	Reduces the equity the sponsor must place, which is usually the reason the deal reaches you in the first place.

#	Characteristic	What it means	How it lands with a credit officer
5	**There is no maturity risk.**	The assessment fully amortizes over its term. No balloon, no refinance risk, no maturity default.	Credit officers notice this without being prompted. It is the cleanest single point of contrast with a mezzanine piece.
6	**It requires existing mortgage lender consent, in writing.**	The assessment sits in the property tax priority position, senior to the mortgage. Consent is documented on the MCED Senior Lender Consent Form.	This is the gate. Segment 4 and **JA-06** are entirely about this conversation, because you will often be the one managing it.
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 by capital provider.	For a broker this means completed and in-progress projects are live prospects, not missed ones. Confirm the applicable window with the capital provider on each deal.

TERM AND AMORTIZATION

Missouri assessment contracts run **up to twenty years**, and in no case longer than the weighted average useful life of the financed improvements. A twenty-year term is not automatic — it is available when the improvement mix supports it. A scope weighted toward controls and lighting will price to a shorter useful life than one weighted toward central plant and envelope.

The assessment amortizes fully across that term in level annual installments billed with property taxes. There is no balloon and no refinancing event.

> **SAY IT PRECISELY**
> Up to twenty years, not to exceed the weighted average useful life of the improvements. Do not quote thirty years, and do not quote a term at all until the capital provider has given you one for that specific deal.

WHAT PRODUCES ELIGIBLE BASIS

Missouri's statute authorizes energy efficiency and renewable energy improvements. In practice, the eligible scope on a commercial project concentrates in a predictable set of building systems:

- Heating, ventilation, air conditioning, and central plant — usually the largest single component
- Building envelope: insulation, air sealing, roofing assemblies, glazing, and curtain wall
- Lighting and lighting controls
- Building automation, metering, and energy management systems
- Plumbing and domestic water heating where the improvement produces energy savings
- On-site renewable generation and, in many structures, associated storage
- Elevators, motors, drives, and other high-consumption equipment
- Commissioning, energy modeling, engineering, and permitting attributable to the above
- Allocated soft costs and, in most structures, capitalized interest and financing transaction costs

Cosmetic and tenant-fit scope does not produce eligible basis. See **JA-05** to convert a scope conversation into a preliminary number.

> **BOUNDARY**
> You do not determine eligibility. Eligibility is established through program review by the Missouri Clean Energy District and the capital provider. This card equips you to size and to explain — not to qualify. See **JA-09**.