Say This, Not This

Language discipline for brokers placing C-PACE — because the wrong word routes your deal to the wrong department

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Do not call it a loan. It is a special assessment. That is not a marketing preference — it is the legal characterization that produces the priority position, the transferability, and the non-recourse treatment. When you use loan language with a credit officer, you invite the wrong analysis from the wrong department, and you will spend two weeks unwinding it.

Three phrases will do most of your work: **assessment**, **special assessment on the property tax bill**, and **the obligation runs with the property**. The table below covers the rest.

Say this	Not this	Why it matters
A special assessment on the property	A C-PACE loan	The assessment characterization is what produces priority, transferability, and non-recourse treatment. Loan language invites a subordinate-debt analysis that does not fit the instrument.
The obligation runs with the property	The borrower is obligated for the full term	The obligation transfers on sale. Sponsors underwriting a five-year hold need to hear this, and lenders need to hear it correctly.
Repaid as a line item on the property tax bill	Monthly debt service	Collection through the tax process is the reason the term is long and the rate is fixed. It also tells the lender exactly how payment occurs.
Only the annual installment is senior to the mortgage	C-PACE is senior debt / C-PACE primes the mortgage	The most consequential correction you will make. A credit officer who believes the full balance primes them will decline before you finish the sentence. See **JA-06**.
Non-recourse to the sponsor	No personal liability of any kind	Non-recourse applies to the assessment. The sponsor retains every other obligation in the transaction, including under the senior loan.

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Fixed rate, fully amortizing, no balloon	Below-market financing	"Below market" invites a subsidy reading. Fixed and fully amortizing is a fact you can defend; below market is a claim you cannot.
Priced capital with a real obligation attached	An incentive, a grant, or a subsidy	C-PACE is private capital. Framing it as public money damages your credibility with the credit officer whose consent you need next.
Consent is a documented closing condition	The lender just needs to sign off	Consent is a negotiated term sheet item on a controlled form. Minimizing it is how a placement slips six weeks.
Preliminary eligible basis, subject to program review	This project qualifies / this project is eligible	Eligibility is determined through program review. Representing eligibility is a conduct violation and an exposure. See **JA-09**.
Indicative structure — terms come from the capital provider	The rate is around X and the term is Y	Do not quote rates or terms you have not been given by a capital provider on that specific deal.
That goes to your accountant and your counsel	It is off balance sheet / it is deductible as a tax payment	Tax, accounting, and legal treatment of the assessment go to the sponsor's own professionals. Every time, without exception.
Administered through the Missouri Clean Energy District	A government program / a state program	MCED is the statutory authority that levies the assessment. The capital is private. Conflating the two produces the subsidy misread.

THE TWO-SENTENCE VERSION

When a credit officer asks what this is and you have one chance to answer:

> "It is a voluntary special assessment on the property, authorized by Missouri statute and levied by the Missouri Clean Energy District, funded by a private capital provider and repaid as a line item on the property tax bill. Only the annual installment sits ahead of your mortgage — not the outstanding balance."

Then stop talking. The next question the credit officer asks tells you which of the three substantive answers in **JA-06** to give.

WHEN THE SPONSOR USES LOAN LANGUAGE BACK AT YOU

Correct it once, briefly, and move on. "It behaves like fixed-rate capital in the stack, but it is legally an assessment — and that distinction is what makes it non-recourse and transferable, so it is worth keeping straight when we talk to your lender." Sponsors adopt the language quickly when they understand it is load-bearing rather than pedantic.