Filling the Gap

C-PACE against mezzanine, preferred equity, and sponsor cash — the comparison your sponsor is already running

TRACK Loan Brokers — MGBA-LB-101
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SEGMENT 1 — Why This Belongs in Your Product Set
USE Positioning · sponsor-facing

C-PACE does not compete with the senior loan you are placing. It competes with the mezzanine, the preferred equity, or the sponsor's own cash. It fills the same slot in the stack — and that is the framing that makes it useful to you. Not sustainability. The gap.

WHERE IT SITS

Layer	Position
Sponsor equity	Residual. Retains upside and control.
THE GAP	**Filled by mezzanine, preferred equity, sponsor cash — or C-PACE. This is the slot in contention.**
Senior mortgage debt	Unaffected in size or position by a C-PACE assessment. C-PACE does not displace the senior loan.
Property tax assessment	The annual C-PACE installment is collected here, in the tax priority position. The outstanding balance does not prime the mortgage.

SIDE BY SIDE

	C-PACE	Mezzanine	Preferred equity	Sponsor cash
Legal form	Special assessment on the property	Subordinate loan, typically secured by pledge of equity interests	Equity interest with a preferred return	Contributed capital
Rate posture	Fixed for the full term; typically prices below mezzanine	Fixed or floating; typically the most expensive debt layer	Preferred return plus promote participation	Opportunity cost of the sponsor's next deal
Term	Up to twenty years, not to exceed weighted average useful life	Commonly coterminous with the senior loan	Tied to the business plan and exit	Indefinite

	C-PACE	Mezzanine	Preferred equity	Sponsor cash
Amortization	Fully amortizing. No balloon, no maturity default	Often interest-only with a balloon at maturity	No amortization; redemption at exit	None
Recourse	Non-recourse. No guarantee against the assessment	Frequently carries springing or bad-boy guarantees	No debt recourse, but control consequences on underperformance	None
Control and upside	None. No board seat, no consent rights, no promote participation	Intercreditor rights and, on default, equity control provisions	Major-decision rights and a share of the promote	Full retention
On sale	Remaining assessment transfers with the property	Repaid at sale	Redeemed at sale	Returned at sale
Senior lender consent	**Required, in writing.** The real gate — budget calendar for it	Intercreditor agreement required	Usually permitted; structure-dependent	Not required
Speed to close	Sixty to one hundred twenty days is typical	Faster than C-PACE in most cases	Deal-dependent	Immediate
Broker economics	A distinct placement on a deal you have already originated — subject to the compensation questions in **JA-08**	Established fee conventions	Established fee conventions	None

WHAT THIS PRODUCES FOR YOUR PRACTICE

Deals that close instead of dying

The most expensive outcome in your business is the deal you worked for six weeks that never funded. A gap-filler that prices below the alternatives converts some portion of those.

A second placement on the same transaction

You are already arranging the senior debt. The C-PACE piece is a distinct placement with a distinct capital provider on a deal you have already originated and already diligenced. The marginal work is smaller than the marginal fee — subject to the compensation questions covered in Segment 5 and **JA-08**, which you resolve before you invest the time, not after.

Differentiation with sponsors

Most sponsors have heard of C-PACE and do not understand it. A broker who can size it, sequence it, and manage the lender consent is doing something the broker down the street is not. That is a repeat-client argument, not a one-deal argument.

THE COUNTERWEIGHT

This is not a fast placement. Sixty to one hundred twenty days is typical, and the senior lender consent is a real gate that can consume weeks.

- If your book is built on speed — bridge, hard money, quick-close — C-PACE will not fit most of it.
- If your book includes construction, adaptive reuse, or value-add acquisition with a capital plan, it fits a meaningful share.

Know which book you have before you invest in this. **JA-04** screens your actual pipeline in about twenty minutes.

> **USE OF THIS CARD**
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> The comparisons above describe structural characteristics, not pricing. Do not quote a rate, a term, or an advance rate you have not been given by a capital provider on that specific deal.