Consent Sequencing Guide

Term sheet versus post-closing — and why timing decides most placements

TRACK Loan Brokers — MGBA-LB-101
VERSION v1.0
ISSUED August 23, 2026
STATUS Draft for MGB review
SEGMENT 4 — The Senior Lender Consent Conversation
USE Process · read before you position the deal

This is where placements fail. The senior lender is not objecting because C-PACE is unfamiliar — they are objecting because the assessment sits ahead of them in priority. That is a rational credit concern and it deserves a substantive answer, not reassurance and not enthusiasm. Then, second and decisive: timing.

THE SUBSTANTIVE ANSWER — THREE PARTS, DELIVERED WITHOUT NOTES

	Point	Why it lands
1	**Only the annual installment is senior — not the outstanding balance.**	The lender's exposure in any given year is one assessment payment, not the whole obligation. This is the single most important correction you will make. Credit officers frequently assume the full balance primes them, and decline on that assumption.
2	**The improvements increase net operating income and asset value.**	The capital is funding physical improvements to the lender's collateral. That is a different fact pattern from subordinate debt funding a distribution.
3	**C-PACE typically displaces subordinate debt or equity.**	In most structures that reduces total leverage rather than increasing it. Show the stack with and without. Frequently the version with C-PACE is the more conservative one.

All three are set out in forwardable form in **JA-06**. Send the sheet; do not paraphrase it.

TIMING DETERMINES EVERYTHING

	Raised at senior term sheet	Raised after the senior loan closed
What the lender is asked to do	Underwrite the full structure once, with the assessment in it	Consent to a senior-priority assessment they never underwrote, on an asset they have already funded
Form of the consent	A documented closing condition	An amendment request

	Raised at senior term sheet	Raised after the senior loan closed
Typical outcome	Consent negotiated inside the normal loan process	Some will. Many will not. The ones who do take longer and ask for more
Effect on your calendar	The calendar holds	Weeks of slippage, frequently fatal to the transaction
Effect on the sponsor	One credit process	A second credit process, after the sponsor thought they were finished

TELL YOUR SPONSOR PLAINLY

C-PACE is a term sheet conversation, not a closing conversation.

KNOW YOUR OWN ROLE

You do	You do not
Make sure the conversation happens early	Conduct the credit conversation
Get the right people into it — capital provider, MGB, the credit officer, the sponsor	Characterize the priority position
Send **JA-06** to the credit officer unedited	Opine on how the lender should analyze the assessment
Make sure the sponsor understands what is being asked of their lender	Promise that consent will be granted
Keep the calendar honest and escalate slippage	Negotiate the terms of the consent form

You are coordinating it, not conducting it. The capital provider and Missouri Green Banc lead the credit discussion, supply the documentation, and answer the technical questions about priority and remedies. A commitment you make on the lender's behalf is a commitment you cannot keep.

SEQUENCE

1. **Ask the institutional question first.** Before anything else: does this lender have a standing prohibition on senior-priority assessments? Two minutes, and it can end the analysis.
2. **Disclose at term sheet.** Raise the assessment while the senior debt is still being negotiated, and ask that consent be written in as a closing condition.
3. **Forward JA-06 to the credit officer** at the point of disclosure, not later.
4. **Convene the credit conversation.** Capital provider and MGB lead. Confirm attendance rather than assuming it.
5. **Route technical questions.** Priority, remedies, and delinquency go to MCED and the capital provider. Sizing, rate, and term go to the capital provider. Regulatory and investor questions go to the lender's own counsel.
6. **Track the consent form to execution** and keep it on the closing checklist alongside the senior loan documents.
7. **Close together where possible.** See **JA-10**.

ESCALATE WHEN YOU SEE THESE

- The credit officer restates the objection as "the balance primes us" after receiving JA-06 — the correction has not landed; get the capital provider on a call.
- Consent is deferred to closing rather than written into the term sheet.
- The lender requests a reserve, an escrow, or a covenant tied to the assessment without engaging the capital provider.

- The sponsor begins negotiating the consent form directly.
- Two weeks pass without a scheduled credit conversation.