MGB ACADEMY

C-PACE FOR PROPERTY MANAGEMENT COMPANIES

Disclosure and Lender Consent Early-Notice Checklist

Getting counsel and the mortgage lender in the loop early — not at closing

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MGBA-PM-JA-08

VERSION
1.0

ISSUED
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THE OBLIGATION AND YOUR PART IN IT

C-PACE assessments carry disclosure requirements at sale and, in many structures, consent requirements from any existing mortgage holder. MCED manages the mechanics. Your role is to make sure the owner's counsel and lender are in the loop early — not at closing.

You are the one who keeps this from becoming a surprise. That is value.

WHY EARLY MATTERS

Lender consent is the single most common cause of a stalled C-PACE project. It is rarely refused on the merits. It is refused because it arrived late, went to the wrong person, or reached a servicer who had never seen a request like it and had no reason to prioritise one. Every week you gain at the front of that process is a week you do not lose at the back.

WEEK ONE — IDENTIFY THE PARTIES

PARTY	WHAT YOU NEED	WHERE TO FIND IT
Owner's counsel	Name, firm, direct contact; confirmation they will handle the assessment documents	Owner
Existing mortgage holder	Lender of record, loan number, current servicer if different	Owner, title search, loan documents
Servicer contact	The person who processes consents, not the payment address	Servicer, escalate through the relationship manager
Special servicer / master servicer	Applicable on CMBS debt; the consent path is longer	Loan documents, servicer
Title company	Contact for the assessment recording and title work	Owner or capital provider
Any junior lienholder	Mezzanine, seller financing, ground lessor	Title search
Ground lessor, if applicable	Consent rights over encumbrances on the leasehold	Ground lease

WEEK TWO — THE DOCUMENT PULL

- ☐ Loan agreement, note and deed of trust, including all amendments.
- ☐ Any provision addressing liens, encumbrances, additional indebtedness or assessments.
- ☐ Covenants on debt service coverage, loan-to-value and additional obligations.
- ☐ The notice provisions — consents sent to the wrong address are not sent.
- ☐ Any prior lender consent granted on this property, which is the best template available.
- ☐ Title report showing all existing liens and their priority.
- ☐ The ground lease, where the fee and leasehold are separate.

WEEK THREE — THE CONSENT REQUEST

The request is prepared by the owner's counsel and MCED. Your job is to make sure it goes out complete, because an incomplete request restarts the clock rather than advancing it. Confirm the package contains:

- ☐ A clear description of the improvements and why they are being made.
- ☐ The project cost, the assessment amount and the term.
- ☐ The economic benefit record assembled under JA-04.
- ☐ The effect on the property's operating expenses and net operating income.
- ☐ The proposed form of consent, prepared by counsel.
- ☐ The MCED assessment agreement in draft.
- ☐ The senior lender consent form required by MCED, in its current version.

Form note. The current MCED senior lender consent form is obtained from MCED at the time of request. Do not reuse a copy from a prior transaction. See MGBA-PM-BR-01, item 4.

THE LENDER'S THREE QUESTIONS

THE LENDER ASKS	THE ANSWER THAT SATISFIES THEM
Does this dilute my collateral?	The improvements increase asset value and extend useful life. The assessment funds the building, not a distribution.
What is my priority position?	The assessment is a special assessment on the tax bill with the priority the statute assigns it. Only the annual installment is senior, not the full balance.
Does this impair debt service coverage?	Present the assessment alongside the reduced operating expense. In a well-structured project the coverage effect is modest or favourable.

DISCLOSURE AT SALE

A recorded assessment transfers with the property. Both the owner and, in practice, the manager coordinating the sale need to ensure the obligation is disclosed and correctly understood by a buyer.

- ☐ Confirm the assessment is disclosed in the offering materials and the purchase agreement.
- ☐ Provide the buyer with the assessment agreement, the current balance and the remaining term.
- ☐ Ensure the assessment appears on the title commitment and is not treated as an unexpected exception at closing.
- ☐ Confirm the proration convention for the assessment in the closing statement.
- ☐ Notify MCED of the transfer and update the billing and notice contacts.
- ☐ Give the buyer the improvement record — audits, warranties, commissioning reports — which is where the benefit case lives.

TIMELINE DISCIPLINE

WHEN	ACTION
At project identification	Ask the owner who holds the mortgage and who their counsel is. Before anything else.
Before scoping is fixed	Pull the loan documents and read the encumbrance provisions.
At scope agreement	Give the lender informal advance notice that a request is coming.
At capital provider selection	Submit the formal consent request through counsel.
Throughout	Follow up weekly. Consent requests do not escalate themselves.
At closing	Confirm consent is executed and recorded in the correct sequence.
At any sale	Run the disclosure checklist above.

THE RULE

Never let a lender learn about a C-PACE assessment from a title commitment. The relationship you protect by calling early is the owner's, and the credibility you protect is your own.

Markets set in motion. It all starts with collaboration.

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