# C-PACE in One Sentence

The owner's definition, the five things it will not do, and why a lien is not the threat.

> **THE DEFINITION**
> C-PACE is an annual assessment on your property, paid through your tax bill, secured only by the property itself, non-recourse to you personally, used to fund energy-saving improvements — including water-conservation and resiliency measures tied to energy use — that the property needs anyway.

## What each phrase means

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| **AN ANNUAL ASSESSMENT** | The same legal mechanism your city uses for a sidewalk, sewer, or street light assessment. On the books in this country for more than a hundred years. It is not a loan product. |
| **PAID THROUGH YOUR TAX BILL** | The installment appears on the property tax bill you already pay each year, collected by the county collector. |
| **SECURED ONLY BY THE PROPERTY** | The assessment is a charge on the parcel. The property owes it. You do not owe it in your own name. |
| **NON-RECOURSE TO YOU** | No promissory note. No personal guarantee. Nothing on your personal credit. |
| **ENERGY-SAVING IMPROVEMENTS** | HVAC, lighting, windows, insulation, building envelope, on-site solar and energy storage — along with water-conservation measures that reduce the energy used to heat, pump, or treat water, and resiliency measures tied to your building's energy systems. |
| **RUNS WITH THE LAND** | When you sell, the next owner inherits the assessment along with the building. |

## Five things C-PACE will not do

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| **1** | It will not put a new mortgage on your building. No new mortgage. No new mortgage holder. |
| **2** | It will not give any party the right to foreclose on your property. The capital provider has no foreclosure right. |
| **3** | It will not require you to personally guarantee anything. No recourse note. No lien on you. |
| **4** | It will not appear on your personal credit. Your FICO score will not change. |
| **5** | It will not create a default on your existing mortgage, provided your senior lender consents — which they almost always do. |

## The word 'lien'

C-PACE does create a lien on the property. So does your existing mortgage. So do your property taxes. Liens are how every claim on a property is recorded. What matters is what the lien holder can do.

| MORTGAGE LIEN | C-PACE ASSESSMENT |
|---|---|
| If you stop paying, the lender can foreclose on the building. | If an installment is unpaid, it behaves like an unpaid property tax — the installment becomes delinquent and the county collection process applies. |
| The full balance can be accelerated and called. | No acceleration of the full balance, and no separate foreclosure action by the capital provider. |
| Can be re-priced, re-margined, or called in a downturn. | The installment is what it always was. No surprise call. No demand for additional collateral. |

### THE STABILITY FEATURE

Non-acceleration is the single most important protection you have as the owner. Cap rates expand, NOI compresses, a tenant moves out, your mortgage might get re-priced — the assessment does not care. C-PACE is, by design, the most stable long-term capital you can put on a commercial building. Not the cheapest. The most stable.

**Questions on your own transaction: (866) 554-4083 | communications@missourigreenbanc.org**

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