Sale, Inheritance, and Transfer

What happens to the assessment when the building changes hands.

The single question owners return to most is what happens to the assessment when the building changes hands. Four scenarios cover nearly every case.

SCENARIO	WHAT HAPPENS TO THE ASSESSMENT	WHAT TO CONFIRM ON YOUR DEAL
Sale before the end of the term	The remaining assessment transfers with the property. Not accelerated, not retired at closing, and not required to be refinanced by the buyer. Disclosed in diligence as a recorded encumbrance and typically netted from the purchase price as a known line item.	The transfer provisions in the Assessment Contract, so they behave the way you expect at sale. Whether your exit timeline and the remaining term are consistent.
Transfer to heirs	The building and the assessment both pass to the heirs, as with an existing mortgage. Estate counsel treats the assessment as any recorded encumbrance.	That your estate counsel has seen the recorded assessment and the installment schedule.
Refinance of the senior mortgage	The new lender underwrites the assessment as a recorded encumbrance, like property taxes, and sizes the loan accordingly. The assessment itself is unchanged by the refinance.	Whether the new senior lender requires any acknowledgment at closing.
Change of entity or ownership interest	***[MGB to confirm treatment of entity-level transfers, partnership admissions, and change-of-control events under the MCED program documents]***	Whether your contemplated structure is a transfer of the property for program purposes.

THE ONE THING THAT DOES NOT CHANGE IN ANY SCENARIO

The assessment attaches to the property, not to you. In every scenario above the obligation follows the parcel — which is exactly why none of these transitions requires you to pay it off.

A note on the fourth row.

Entity-level transfers are how a great many family-held and partnership-held buildings actually change hands, and the program documents rather than the statute govern the treatment. If your contemplated transition is a transfer of interests rather than a sale of the property, raise it early — before signing, not at closing.

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

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Markets set in motion. It all starts with collaboration.