# Disaster Rebuilding Assistance Program

## Eligible Lender Losses

Eligible losses will be calculated using the lender's gross proceeds from arm's- length sale of a completed property or loan disposition and subtracting the total cost basis on the loan at the time of such sale or loan disposition. Total cost basis on the loan shall include the outstanding principal balance, plus remaining costs to complete construction in accordance with approved budget, accrued and unpaid interest, corporate advances, fees, and other costs as identified below.

Eligible losses shall be reduced by other sources of cost recovery, including but not limited to mortgage insurance.

| Costs | Description |
|---|---|
| Lender-funded construction term (GSE) extension fees. | Extension fees necessary to extend the construction loan to complete project due to default or construction delays not caused by borrower, contractor, or lender. |
| Lender-funded rate lock extension fees for builder delays. | Fees to extend the interest rate lock when builder delays prevent the loan from closing within the original lock period. |
| Borrower missed payments due to default during the construction period. | Principal, interest, taxes, and insurance payments that the borrower failed to make during construction that the lender advances to keep the loan current. |
| GSE allowable corporate advances or fees required to complete the project. | GSE-permitted advances or fees (e.g., attorney fees, service fees, inspections, recording fees, notices, etc.) paid by the lender on the borrower's behalf to complete the project. |
| Cost to withdraw from a loan pool and any principal losses realized from the secondary market sale of a loan that cannot otherwise be refinanced or restructured. | Cost to withdraw from a loan pool or loss of outstanding principal incurred when a loan that cannot be refinanced or restructured is sold on the secondary market below its cost basis. |
| Lender paid broker costs or other costs of selling property. | Broker commissions and other selling costs paid by the lender to dispose of the completed property. |

| | |
|---|---|
| GSE allowable foreclosure fees. | GSE allowable foreclosure costs resulting from Borrower Notice of Default. |
| Uncontrollable construction cost overruns resulting from a force majeure event, subject to review and approval by program staff. | Construction cost increases beyond the lender's control caused by a force majeure event (e.g., tariffs, permitting changes, etc.). |