ReGround
ASSET RESOLUTION

OUTLOOK 2026

Distressed Residential Construction Loans

The market, the players, the methods and the return of discipline in resolving defaulted development and construction paper.

September 9, 2026
Data as of August 31, 2026 unless noted
Prepared by Western Realty Finance, Inc. · dba ReGround Asset Resolution

Contents

WHAT THIS OUTLOOK COVERS

- Why residential development and construction loans are where the next round of bank and non-bank distress is concentrating, and what the data says as of August 2026
- Who sits at the table when a construction loan fails: originators, noteholders, servicers, loan-sale desks, takeout lenders and sponsors, and what each one needs
- A repeatable method for pricing a defaulted construction loan from the file up, and the three tests that decide the bid
- The resolution ladder: modification, advances, recapitalization, refinance, note sale and asset recovery, in the order they are tried
- What returns the capital expects, and why for-sale and for-rent product carry different discounts
- Current rates, their effect on valuations and cap rates, and what takeout financing looks like for a completed project
- How rapid ingestion, review and bid tools compress a month of file work into an afternoon, with an anonymized case from a live portfolio

WHO IT IS FOR

Lenders, servicers, special-assets officers, noteholders and loan-sale desks working residential development and construction loans of $10 million and above. Sponsors will find the resolution ladder useful; the pricing method is written from the lender's chair.

EXECUTIVE SUMMARY

Discipline is back. So is the work.

Residential construction lending has spent eighteen consecutive quarters getting tighter, by the builders' own account. Bank construction and development balances are 3.4 percent lower than a year ago, points on land loans have doubled since the end of 2025, and the effective cost of a land-development loan now runs above 12 percent once fees are counted. At the same time the product those loans were meant to deliver is meeting a softer buyer: new-home sales are down 6.3 percent year over year, months' supply has reached 9.6, and more than a third of builders are cutting prices.

That combination is where construction-loan distress forms. Not in a single event, but in a squeeze: carry cost up, absorption down, and a maturity date that does not move. The loans that were sized in 2021 and 2022 on 4 percent debt and 8 percent sales growth are now being tested on 10-to-12 percent effective debt and flat prices.

What is different this cycle

Three things. First, the paper is moving. Banks are selling construction loans rather than extending them; recent Federal Reserve research finds large banks have not been extending weak loans, and extension rates on low-debt-yield loans fell after 2022. Second, the buyer base has changed: debt funds and credit companies now account for 38 percent of non-agency commercial loan closings, and private funds already supply 11 to 23 percent of builder AD&C credit. Third, the file is the bottleneck. A residential construction loan in default carries thousands of pages of budgets, draws, statements, title and sales data, and nobody can defend a price until someone reconciles them.

What this means for a lender

The lenders, servicers and noteholders who resolve these loans well will be the ones who can price them fast and show the work. Speed matters because the collateral is carrying at 12 percent while the file sits in a queue. Transparency matters because every counterparty in a workout, from the credit committee to the note buyer to the sponsor, has to be able to see how the number was built before they will move.

This outlook lays out the market, the players, the method and the tools. It is written from the lender's side of the table, by advisors and brokers who analyze and price these loans for a living and who are not lenders themselves.

> *"The bottleneck in pricing a distressed construction loan isn't the math. It's the file review nobody can skip before defending a number."*
>
> **DAVID VAN WALDICK**
> Principal, ReGround Asset Resolution · Western Realty Finance

FIVE THEMES FOR 2026

- **Carry is the killer.** Effective builder credit above 10 percent turns a slow sell-through into a default.
- **Banks are selling, not extending.** Construction paper is trading; the buyers are funds.
- **For-sale and for-rent price differently.** A rental takeout of for-sale product is a valuation haircut, not a rescue.
- **Takeout is available but selective.** Agency and bank money is there for completed, leased product at 60-to-70 percent leverage.
- **The file decides the price.** Whoever reconciles it first sets the terms.

THE MARKET AT A GLANCE

Residential construction credit, August 2026

The structural picture is a lender pulling back, a builder paying more, and a buyer paying less. Each number below is sourced on page 11.

$453.5B
Bank construction & development loans
Q2 2026 · down 3.4% from $469.2B a year earlier

18
Consecutive quarters of tightening AD&C credit
NAHB net easing index −12.0, Q2 2026

12.59%
Effective rate on a land-development loan
Contract 8.09% plus points; NAHB Q2 2026

9.6
Months' supply of new homes
July 2026 · sales 607,000 SAAR, down 6.3% YoY

35%
Builders cutting prices
Average cut 6% · 63% using incentives · August 2026

4.77%
10-year Treasury
Sept 2, 2026 · highest since November 2023

7.3%
Single-family rental / BTR cap rate
Up 194 bps since 2021 · Q4 2025

5.6%
Multifamily cap rate
Trailing 12 months to July 2026 · up 10 bps YoY

38%
Non-agency CRE loan closings by debt funds
Q2 2026 · 34% a year earlier

KEY THEMES SHAPING THE SECTOR ENTERING 2026-27

- **Supply** of new homes is the highest in years; price, not demand, is clearing it
- **Credit** to builders is tightening even as bank lending overall grows 6.8 percent
- **Maturities** from the 2021-22 vintage arrive with the collateral still in construction
- **Rates** have moved the wrong way for the second half of 2026; a September hike is priced as a coin flip
- **Buyers of paper** are funds, and they price to a required return, not to par
- **Resolution**, not extension, is the lender's posture this cycle

1 SECTION ONE

Where the distress is forming

The builder's cost of credit

The National Association of Home Builders' second-quarter survey of acquisition, development and construction lending is the clearest read on the residential construction credit cycle, and it has now recorded eighteen straight quarters of net tightening. Seventeen percent of builders say land-acquisition credit got worse in the quarter, sixteen percent say the same for land development, and eleven percent for single-family construction. Lenders are tightening in the ways that matter most to a distressed file: more than half are requiring personal guarantees or outside collateral, and nearly half are raising rates, cutting loan-to-value and loan-to-cost, or refusing to lend on relationship at all.

Contract rates look manageable on paper: 7.77 percent for land acquisition, 8.09 percent for land development, 7.28 percent for speculative single-family construction. Add the points, which doubled on land loans from 0.50 to 1.05 during the quarter, and the effective cost runs 10.4 to 12.6 percent. Every month a project sits between draw and closing, that is the carry the collateral is absorbing.

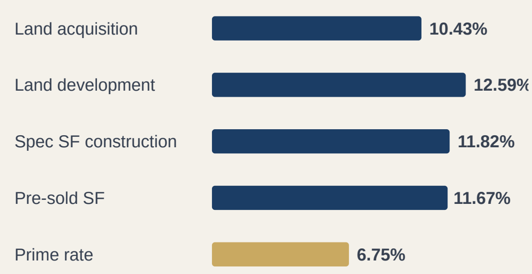
The bank is stepping back

Construction and development loans at FDIC-insured institutions fell to $453.5 billion in the second quarter from $469.2 billion a year earlier, a 3.4 percent decline in a year when total bank lending grew 6.8 percent. Single-family residential construction lending, at $91.3 billion, remains 56 percent below its 2008 peak. Banks still supply 72 to 89 percent of builder credit depending on loan type; private funds supply 11 to 23 percent and are gaining share with every quarter of bank tightening.

The buyer is paying less

New-home sales ran at a 607,000 annual pace in July, down 10.5 percent from June and 6.3 percent from a year ago. The median new-home price of $393,800 is the lowest since July 2021. Inventory of 488,000 homes represents 9.6 months of supply, up from 8.5 in June, and 35 percent of builders report cutting prices by an average of 6 percent. A for-sale project that was modeled on 3 to 5 percent annual price growth is now selling into flat-to-down pricing with heavier incentives, and the margin that was supposed to retire the construction loan is being spent on absorption.

EFFECTIVE BUILDER LOAN RATES, Q2 2026



Effective rate = contract rate plus points amortized. NAHB AD&C Financing Survey, Q2 2026; prime rate as of Sept 1, 2026.

LOAN SIZING THAT LENDERS WILL STILL WRITE

Loan type	LTV	LTC
Land acquisition	72.1%	73.0%
Land development	66.0%	78.6%
Spec construction	69.2%	77.9%
Pre-sold construction	75.6%	85.9%

NAHB AD&C Financing Survey, Q2 2026. Compare with the 80 to 90 percent LTC common in 2021-22 originations: the gap is the equity a recapitalization has to find.

EXTENSION IS NOT THE DEFAULT

Federal Reserve Board research published in May 2026 finds that large banks have not been extending weak loans: post-2022 loans with low debt yields were 7 percentage points less likely to be extended, and overall extension rates have held near 50 percent against the mid-40s before the pandemic. The practical reading is that a defaulted construction loan is more likely to be sold or resolved than rolled.

2 SECTION TWO

The players

A defaulted residential construction loan has more parties at the table than a performing one, and each of them prices the same collateral differently. Knowing what each one needs is most of the negotiation.

Player	Who they are in 2026	What they want	What they need to see
Originating lender	Banks (72 to 89 percent of builder AD&C by loan type); increasingly non-bank construction lenders and debt funds	Exit at or near par without a charge-off; protect the relationship if the sponsor is worth keeping	A cured, current loan or a payoff; a documented basis for any principal reduction that will survive credit committee and the examiners
Noteholder / acquirer	Credit funds and asset-based lenders that bought the paper from the originator, often at a discount, sometimes a participation	A return on the price they paid, not on the face; certainty of resolution inside their hold period	Recovery analysis against foreclosure value; a sponsor who can complete; a takeout source for the settled balance
Servicer / special servicer	Licensed servicers handling business-purpose, RTL and construction paper; the day-to-day counterparty on statements, extensions and modifications	Compliance with the servicing agreement; a modification that performs; no surprises for the noteholder	Servicer-documented balances that tie to the borrower's model; a modification package that fits their authority
Loan-sale desk	Advisors running portfolio and single-asset sales for banks, funds and REITs; bids taken against a data tape and a document vault	Clean execution: qualified bidders, best-and-final on schedule, minimal re-trade	Bidders who have actually read the file and can price loan by loan; conformed bid letters with the reasoning attached
Takeout / recap lender	Agencies, life companies and banks for completed and leased product; bridge and debt funds for mid-construction recapitalizations at 9 to 13 percent	Leverage they can defend: 60 to 70 percent LTV, 1.25x to 1.45x coverage, 10 percent debt yield	A settled senior balance they are refinancing, a forward budget that closes, and a sponsor margin that survives the takeout
Sponsor / guarantor	The builder or developer, typically under a personal guaranty and often with subordinated equity or EB-5 capital behind the senior	Keep the project, keep the entity, avoid a deficiency judgment; a forward margin worth completing for	A settlement number they can raise takeout capital against, and a lender willing to reinstate rather than accelerate
Advisor / broker	The party engaged by one side only, lender or borrower, to analyze, price and place the resolution; never a principal	A documented position both sides can examine; a closed transaction	The complete file, servicer balances, and authority to speak for the client

WHO HOLDS THE PAPER NOW

Debt funds and credit companies closed 38 percent of non-agency commercial real estate loans in the second quarter of 2026, against 34 percent a year earlier; banks 30 percent, life companies 21 percent, CMBS 11 percent. Private residential transition and construction lending ran to $135.6 billion of originations over the trailing twelve months, up 28 percent. The buyer of a defaulted construction loan in 2026 is more likely to be a fund than a bank, and a fund prices to a required return.

EXTENSION FEES HAVE REPRICED

Debt-fund extension fees on maturing loans have been reported as high as 10 percent of loan balance in 2026, against 1 to 3 percent in prior cycles. On a $40 million construction loan that is a $4 million cost of doing nothing. It is one reason a negotiated settlement and takeout, even at a discount to face, often clears more value for the noteholder than a paid extension.

3 SECTION THREE

Methodology: analyze, price, show the work

Pricing a defaulted residential construction loan is a reconciliation problem before it is a valuation problem. The question is not what the finished project is worth; it is what was budgeted, what was drawn, what remains to be built, and how the project can resolve from where it actually stands. The method below is the one we run on every file, whether the client is the lender pricing a modification or a noteholder pricing a bid.

1. **Ingest the file and scrub it.** Every document in the vault: loan agreements and amendments, budgets, draw requests and inspections, servicer statements, appraisals, title, sales schedules and closing statements. Personal data is stripped; every page is indexed and counted.
2. **Reconcile the position.** Principal, capitalized interest, default interest, fees and protective advances, loan by loan, to the servicer's statement. Outstanding payables and unfunded liabilities are listed outside the position, because a takeout lender will find them anyway.
3. **Rebuild the project.** Homes by phase, cost to date and cost to complete, the sales schedule at today's pricing and absorption, and the release structure. The output is a forward sources-and-uses that either closes or does not.
4. **Solve for the basis.** Working backward from a sponsor margin the project can be completed for, the model shows what senior balance the project can actually carry. The difference between that and the current position is the settlement the negotiation is about.
5. **Apply the three tests.** Every price is computed three ways and the lowest governs: a loan-to-value cap on the value at completion, a loan-to-cost cap on the reconciled cost basis, and a required return on the recovery cash flows. The governing test is stored with the bid.
6. **Show the work.** A one-page tear sheet per loan carrying the position, the settlement basis, the forward economics before and after, and the ask. Every figure traces to a document in the file, and every assumption is versioned so the number can be re-run when the policy or the market moves.

THE THREE TESTS

Test	What it caps	Representative base case
Loan-to-value	Price against value at completion	65%
Loan-to-cost	Price against reconciled cost basis	80%
Required return	Price at which recovery cash flows earn the required IRR	20%

The lowest of the three governs. Base-case parameters are illustrative of a lender-side policy and are adjusted loan by loan for basis type: income-producing, for-sale vertical, or land.

WHY THE LOWEST GOVERNS

A single test can be gamed by a single assumption. Value at completion is only as good as the absorption schedule; cost basis is only as good as the draw reconciliation; a required-return price is only as good as the recovery timeline. Requiring all three, and letting the most conservative one set the number, means the bid survives the question the credit committee will ask.

THE FORWARD MARGIN IS THE WHOLE STORY

Before settlement, a typical mid-construction file in our work shows a forward margin in the low single digits: revenue to come, less cost to complete, less the full current position. After a settlement that resets the senior to what the project can carry, the same file shows a forward margin in the mid-teens to 20 percent. That is the number a takeout lender will finance and a sponsor will complete for. If the settlement does not get there, the project is a land deal.

> *"We don't originate and we don't hold. We are advisors and brokers doing the analysis and arriving at a defensible price."*
>
> **DAVID VAN WALDICK**
> Principal, ReGround Asset Resolution

4 SECTION FOUR

The resolution ladder

Resolutions are tried in an order, and the order matters, because each rung preserves more of the lender's position than the one below it and costs the sponsor more equity than the one above it. The ladder is written for the lender; the sponsor reads it from the bottom up.

1. Loan modification. Rate reset to a note rate the project can carry, above-note and default interest waived, fees eliminated, note-rate interest capitalized to the statement date, maturity extended six to twelve months, loan reinstated current. Preserves the full principal. Works when the project's forward margin is positive at the modified rate and the sponsor can fund the gap.

2. Protective and additional advances. The existing lender funds the cost to complete a phase, or a protective advance to cure liens and carry, secured within the existing lien. Cheaper than any outside money and it keeps the collateral moving; the test is whether the advance is recovered from the next closings.

3. Internal recapitalization: the A/B note. The position is split into an A note sized to what the project can pay currently at a market rate, and a B note that accrues no interest and is paid from residual proceeds after the sponsor's completion margin. Nothing is forgiven at signing; the lender keeps the upside if prices recover; the sponsor gets a number they can complete for.

4. Third-party refinance and takeout. A new lender takes out the settled senior balance at closing and funds the next phase, repaid from lot releases and construction-draw paydowns. The refinance proposal is often the instrument that closes the settlement: it tells the existing lender what a third party will pay for the position today.

5. Note sale. The lender sells the loan, alone or in a portfolio, to a credit fund or noteholder who prices it to a required return. Fast and final for the seller; the buyer inherits the ladder. Bids are taken against the tape and the vault, and the bidders who have reconciled the file price with the most confidence.

6. Deed in lieu, foreclosure and asset recovery. The lender takes the collateral and completes, sells or holds it. In a for-sale project this is a sell-through of standing inventory and lots; in a for-rent conversion it is a lease-up and a cap-rate sale. Foreclosure recovery on a mid-construction file in our work runs 40 to 45 percent of position on a present-value basis, which is why the rungs above it exist.

READING THE LADDER AS A LENDER

Every rung is a comparison against the one below it. A modification is worth doing if it recovers more, in present value, than the A/B note; the A/B note is worth doing if it beats the takeout; the takeout is worth doing if it beats a note sale; and every one of them is measured against foreclosure value. The analysis that makes the ladder work is the same forward sources-and-uses, run at each rung.

ILLUSTRATIVE RECOVERY COMPARISON

Path	Recovery, PV basis
Foreclosure and sell-out	40 to 45%
A note alone, current pay	60 to 65%
A plus B note, base-case prices	75 to 80%
A plus B note, 10% price uplift	85 to 90%
Position paid in full at takeout	100%

Ranges drawn from ReGround recapitalization models on mid-construction for-sale files in 2026; each file differs. Present value at the lender's cost of funds.

EXIT PATHS FOR THE ASSET

- **Sell-through** of standing inventory and remaining phases at today's pricing, the base case for for-sale product
- **Bulk sale or BTR conversion** to a rental operator at a cap-rate value, which carries a discount to retail (page 8)
- **Hold** as rental for up to five years with the sponsor, the JV partner and the originating lender all able to participate in the recovery

5 SECTION FIVE

Returns, discounts and product type

What the capital expects

Each rung of the ladder has a return behind it. A modifying bank wants a cured loan at a note rate near where it lends today: 7 to 9 percent on construction paper. A bridge or debt fund refinancing a mid-construction project prices at 9 to 13 percent with points, and sizes to 70 to 80 percent of cost. A noteholder buying the paper prices to a required IRR on the recovery cash flows, commonly 18 to 22 percent for residential construction in default, and caps the bid at 60 to 70 percent of value at completion and 75 to 85 percent of reconciled cost. A capital partner funding a workout program as a joint venture will typically look for an 11 percent preferred return, promote tiers at 15 and 20 percent, and a 1.4x to 1.5x multiple before the promote fully crosses.

The sponsor's return is the one that gets negotiated last and matters most. A sponsor who cannot see a forward margin of roughly 20 percent of revenue after the settlement has no reason to finish the project, and a project the sponsor will not finish is a land deal at land value. The settlement that works is the one that leaves the sponsor a completion margin and the lender a recovery above foreclosure.

Discounts: for-sale versus for-rent

For-sale product is valued on a sell-through: retail price, less selling cost, less cost to complete, discounted over the absorption period. For-rent product is valued on income: net operating income capitalized at a market cap rate. The two methods rarely meet, and in 2026 the gap has widened, because single-family rental cap rates have expanded 194 basis points since 2021 to 7.3 percent while multifamily sits at 5.6 to 5.9 percent.

That gap is the discount a lender should expect when the resolution converts for-sale homes to rental, whether through a bulk sale to an operator or a build-to-rent hold. The illustration at right puts numbers on it. Converting is sometimes the right answer, because it trades price for certainty and time, but it is a valuation haircut, and it should be priced as one before it is proposed as a rescue.

ILLUSTRATION: THE SAME HOME, TWO VALUES

For-sale, retail sell-through	
Retail price	$500,000
Selling cost at 5%	(25,000)
Net to project	$475,000
For-rent, income value	
Monthly rent	$3,100
Net operating income at 60% of gross	$22,320
Value at 7.3% SFR cap rate	$305,750
Value at 5.9% multifamily cap rate	$378,300
Discount to for-sale net	
At SFR cap rate	36%
At multifamily cap rate	20%
Bulk-sale discount to an operator, additional	5 to 15%

Illustrative single home; rent and expense ratio are assumptions, cap rates per page 11 sources. The point is the shape, not the number: rental value of for-sale product sits 20 to 40 percent below retail net before any bulk discount.

WHERE THE DISCOUNT LANDS IN A WORKOUT

On a $40 million position secured by 130 remaining for-sale homes, a rental conversion at the SFR cap rate takes roughly a third out of the collateral value before the operator's bulk discount. A lender weighing conversion against a for-sale sell-through with price cuts of 6 to 10 percent should run both on the same forward model; in most 2026 files the sell-through wins unless absorption has stalled outright.

RETURN EXPECTATIONS, 2026

Capital	Expects
Bank, modified construction loan	7 to 9% note rate
Bridge / debt fund recapitalization	9 to 13% plus points
Noteholder, defaulted paper	18 to 22% IRR
JV capital partner, workout program	11% pref, 20% IRR and 1.45x to full promote
Sponsor, to complete	roughly 20% forward margin

6 SECTION SIX

Rates, valuations and takeout financing

Rates in early September 2026

Benchmark	Level	As of
Fed funds rate range	3.50 to 3.75%	Held July 29; next FOMC Sept 15-16
1-month term SOFR	3.74%	Sept 4
Prime rate	6.75%	Unchanged since Dec 2025
10-year Treasury	4.77%	Sept 2; above 4.8% intraday Sept 8
30-year fixed mortgage	6.71%	Sept 3; 6.50% a year ago
Bank floating, stabilized asset	SOFR + 200 to 325	2026 guide
Bridge / debt fund	SOFR + 350 to 600	2026 guide
Bank construction, multifamily	6.5 to 9.5%	Q2 2026, 65 to 70% LTC, recourse
Debt fund construction / bridge	9 to 12%	Q2 2026, up to 75% LTC
Private lender construction	10 to 13%	Q2 2026, up to 80% LTC

Sources on page 11. Construction quotes are lender indications for one large metro and vary by market and sponsor.

The effect on valuations

The 10-year at 4.77 percent is the highest since November 2023, and it has pushed every income valuation down. CBRE's all-property cap rate reached 6.3 percent in the second quarter against 6.0 percent a year earlier; multifamily cap rates run 5.6 to 5.9 percent depending on the series; single-family rental sits at 7.3 percent. For a for-sale project the rate move works through the buyer instead: a 30-year mortgage at 6.71 percent against 6.50 percent a year ago costs the same buyer roughly 2 percent of purchasing power, which is what the 35 percent of builders cutting prices by 6 percent are absorbing.

For the lender pricing a workout, rates matter twice. They set the carry the project pays while it sells, and they set the exit cap rate or mortgage rate the takeout is sized against. A settlement modeled in June at a 4.4 percent ten-year does not hold at 4.8 percent; the assumption has to be re-run, which is one argument for tools that re-price automatically when a policy input moves.

Takeout financing for completed product

Source	Rate	Leverage and coverage
Fannie Mae	6.28 to 6.87%	75 to 80% LTV, 1.25x DSCR
Freddie Mac	6.23 to 6.47%	1.20x to 1.25x DSCR
HUD / FHA	5.85 to 6.35%	80 to 85% LTV
Life company	6.25 to 6.70%	65 to 70% LTV
Bank, 5-year fixed	6.85%	Up to 70% LTV
Bridge / rehab	9.95 to 10.50%	70 to 75% LTV, interest-only

Indicative quotes, Sept 6-8, 2026. Agency spreads roughly Treasury plus 110 to 170 basis points; 2026 GSE multifamily caps $88 billion each.

WHAT LENDERS ARE ACTUALLY SIZING TO

CBRE's second-quarter lending survey puts average multifamily loan-to-value at 63.3 percent, down from 65.8 percent a year ago; commercial at 59.6 percent; debt-service coverage at 1.43x, up from 1.34x; and debt yield at 10.2 percent. Banks have returned to multifamily, up 30 percent year over year and sometimes pricing 30 to 40 basis points inside the agencies, while agencies have fallen to about 40 percent of multifamily volume from 50 to 60 percent historically. Sixty percent of 2026 multifamily placements are refinancings.

SIZING THE TAKEOUT OF A SETTLED POSITION

The takeout lender funds the settled senior balance at closing plus the next phase, and is repaid from lot releases and construction-draw paydowns as homes close. The sizing test is simple and unforgiving: forward revenue, less cost to complete, less the day-one balance, has to leave the sponsor a margin worth finishing for. If the release schedule does not retire the day-one balance, the shortfall comes out of that margin, and the settlement has to be sized smaller. A day-one balance at 25 to 30 percent of gross revenue at completion is a comfortable place for a lender to start; the same balance at 35 to 40 percent usually means the settlement has not gone far enough.

A SEPTEMBER RATE HIKE IS A COIN FLIP

Three FOMC members dissented in July in favor of a hike, and markets priced a September increase at roughly even odds in early September with oil near $95. A lender modeling a takeout in the fourth quarter should carry a 25-basis-point cushion in the exit rate and re-run the settlement at it.

7 SECTION SEVEN

Tools: rapid ingestion, review and bid

The file is the bottleneck, so the tools that matter are the ones that clear it. A lender-side platform for distressed construction loans does four things: it ingests and scrubs the document vault; it reconciles each loan's position to the servicer's statement and rebuilds the project forward; it prices every loan under a versioned policy with the three tests and stores the governing test; and it produces the deliverables, tear sheet, bid proposal, master analysis and lender portal, on demand. Everything traces back to a page in the file.

A live portfolio, anonymized

In the first week of September 2026 ReGround ran a seller's tape of residential construction loans, most in default, through the platform. The identities, locations and pricing are withheld because the portfolio is under live bid. The rest of the numbers are from the platform's own records.

39,079
Pages in the document vault
1,762 files across 38 loans and 23 relationships

$490M
Total claims analyzed
$407.2M principal plus $83.8M accrued, 12 states

1 afternoon
Tape in to ranked, priced stack
All 38 loans ingested, scrubbed, priced and tiered the day the tape arrived

210
Bid computations
Across 6 policy versions in 7 days; governing test stored with each

11
Bids flagged automatically
When one policy input changed, the platform re-priced all 38 and flagged those that drifted more than 15%

500 to 1,200
Analyst hours the same work takes by hand
ReGround estimate; 4 to 8 weeks for a three-person team before the first bid letter

The speed is the smaller half of the story. The larger half is that six policy revisions later, every one of the 38 bids still traced to its inputs and its governing test, and the platform, not an analyst, caught the eleven that no longer held.

A BID PROTOCOL FOR LENDERS AND NOTEHOLDERS

- **Ingest everything before pricing anything.** Partial files produce confident wrong numbers.
- **Reconcile to the servicer, not the borrower.** The servicer's statement is what the settlement will be papered against.
- **List the liabilities outside the position.** Mechanics liens, delinquent taxes and HOA claims prime or trail the lien; a takeout lender will find them.
- **Price three ways; let the lowest govern.** Store which test governed and why.
- **Version the policy.** When a rate, cap or required return moves, re-price the whole stack and flag drift; never re-key.
- **Deliver one page per loan.** Position, settlement basis, forward economics before and after, the ask. Anything longer will not be read by the person who decides.
- **Show the work.** Every figure traces to a document; every assumption is dated.

WHAT THE PLATFORM PRODUCES

Loan-level tear sheets; relationship-level pricing and tiering; bid proposals and conformed bid letters; a master analysis; a recapitalization and settlement model with the forward sources-and-uses; and a lender portal with view logging, so the client can see who has read what. The reports carry the analysis, not the client's identity.

"Advisors and brokers, not lenders. We analyze and price; we show the work."

DAVID VAN WALDICK
Principal, ReGround Asset Resolution

ABOUT

ReGround Asset Resolution

ReGround Asset Resolution helps lenders, servicers and note holders resolve defaulted residential development and construction loans. It is a brand of Western Realty Finance, Inc., a California-licensed capital advisor and broker with a focus on development and construction finance since 2020 and more than $200 million in funded commitments raised for developers. ReGround represents one side of a file, lender or borrower, never both, and never acts as principal, lender or fund.

The ReGround Smart™ suite is the analysis and pricing platform behind this outlook: document ingestion and reconciliation, forward project modeling, three-test bid pricing under versioned policy, and one-page reporting for credit and workout teams. Reports carry the analysis; clients' identities stay in the cover letter.

headshot

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TALK TO US ABOUT A FILE

Send the servicer statement and the document vault index. We will tell you within a day whether the loan can be priced from the file as it stands, and what it will take if it cannot.

SOURCES

Federal Reserve, FOMC statement, July 29, 2026. Fed funds rate range.

U.S. Treasury yields and September FOMC pricing: Yahoo Finance, Sept 2, 2026; CNBC, Sept 8, 2026.

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Portfolio statistics: ReGround platform records, Sept 1-8, 2026, anonymized. Manual-review comparison is a ReGround estimate with assumptions on file.