



## Request for Partial Release of Collateral: Requirements

### Loan Eligibility Requirements:

- Your mortgage loan must be current: The mortgage loan must not have been greater than 30 days past due more than once in the last 12-month period, or otherwise in default under the terms of the mortgage loan over the most recent 12-month period.
- At least 12 months has passed since your loan was originated.
- No obligated borrower is allowed to be released from liability on the loan.
- The priority of the mortgage lien must not be impacted by any claims of subordinate lienholders.
- The reduction in the value of the remaining property must not be greater than the amount of any cash consideration.
- Any cash consideration paid for the release, less the expense of obtaining the release, must either be:
  - Applied to the outstanding mortgage loan debt, or used for proposed property improvements after the release.
  - And, the cash consideration must be equal to or more than the fair market value of the property being released.
- The ratio of the unpaid principal balance, as reduced by any cash consideration, to the value of the property securing the mortgage loan after the release must not be higher than the loan to value ratio of the mortgage loan immediately before the release.
  - **VA Loans Only:** If you have a Veteran's Affairs ("VA") loan, the consideration received for the release must be applied to the Unpaid Principle Balance unless the loan to value ratio is 80% or lower.

### Property Valuation Requirements:

- A Broker's Price Opinion ("BPO") or appraisal is required to determine the value of the property before and after the release of collateral.
  - An appraisal will be ordered if the land to be released is valued over \$10,000.
  - A BPO will be ordered if the land to be released is valued under \$10,000.
  - **VA Loans Only:** An appraisal is required regardless of the value of the land to be released.
- Fees and costs for ordering an appraisal or BPO are non-refundable and will be assessed to your loan regardless if your request is approved or denied.
  - The cost of the appraisal is generally \$395, but may vary depending on market conditions and could cost up to \$700 or more per appraisal.
  - The cost of a BPO is generally \$90, but may vary depending on market conditions and could cost up to \$150 or more per opinion.
- **Do not order your own appraisal or BPO; the appraisal or BPO must be ordered by Embrace Home Loans.**

### Documentation Requirements:

- **A Completed Partial Release of Collateral Request Form**
- **Third Party Authorization Form**
  - To protect the privacy of our customers, Embrace Home Loans requires written consent from the borrower to discuss any non-public information regarding any existing or prior serviced loan.

➤ **Sales Contract**

- Isan agreement between a buyer and seller covering the sale of your property.
- If the partial release request involves the sale of land to an individual, government agency, or company, a sales contract or offer showing the cash consideration must be provided.

➤ **Copy of Survey or Plat**

- A survey is used to determine a property's points and distances between them.
- A **copy** of a survey or plat from a licensed or qualified surveyor, showing the land to be released and the remaining land still secured by the lien, will be required.
- The complete dimensions, square footage or acreage and location of improvements to the land must be included.
- The survey must be **clearly** marked.
- The dwelling location must be included.

➤ **Proposed Partial Release Instrument**

- The partial release document must be prepared by an attorney or closing agent. The proposed instrument (the partial release) must include the following information:
  - The following clause must be contained in the Partial Release:
    - "It is expressly understood that the release of said parcel from the lien shall not in any way affect the lien of said Deed of Trust/Mortgage upon the remaining land thereby subject to the Deed of Trust/Mortgage."
  - The name of the mortgagor, the name of the mortgagee, date of the mortgage, date of recording, and the volume and page number or document number of the mortgage in the real property records.
  - A statement that the entity or person executing the release is the current holder, owner, assignee, or successor of the mortgagee's interest in the mortgage.
  - A legal description of the real property being released from the mortgaged property.
  - If MERS language is found in the Deed of Trust/ Mortgage, then the document must be prepared according to the MERS requirements.

➤ **Additional Requirements:**

- **USDA Loans:**
  - Complete any additional forms required by the state laws in which the property is located;
  - A list of unpaid special assessments to the property, if any, and the total amount payable;
  - Update the legal descriptions of the property, as necessary; and
  - For an exchange of all or a portion of the security property, obtain title clearance for the new security before the release of the existing security. Security instruments must be obtained for the new property.
- **Fannie Mae Loans:**
  - Application for Release of Security Form (Form 236); and
  - The 1<sup>st</sup> page of Application for Release of Security (Form 236) must be fully completed and signed.



### Partial Release of Collateral Request Form

Loan Number: \_\_\_\_\_ Property Address: \_\_\_\_\_

Borrower's Full Name: \_\_\_\_\_ (City, State, Zip Code) \_\_\_\_\_

**Please complete the steps below:**

**Step 1.** Review the Partial Release Request Requirements. If you have any questions, please contact our Customer Service department at 800-224-7106 M-F 8:00am – 9:00pm EST and SAT 10:00am – 3:00pm EST.

**Step 2.** Provide details for the potential partial release scenario, and why you want the release. Explain how the released portion of the land will be used and if any cash consideration will be received. Please use additional paper if necessary.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Cash Consideration: \$ \_\_\_\_\_  
Size of property as a whole (before security is released) in square footage or acreage: \_\_\_\_\_  
Size of property to be released (proposed land release) in square footage or acreage: \_\_\_\_\_  
Size of property to be retained/kept (after security is released) in square footage or acreage: \_\_\_\_\_

**Step 3.** Gather and attach all required documents listed below. Check Yes/No for each document.

	<i>Yes</i>	<i>No</i>
➤ Sales Contract	<input type="checkbox"/>	<input type="checkbox"/>
➤ Copy of Survey or Plat	<input type="checkbox"/>	<input type="checkbox"/>
➤ Proposed Partial Release Instrument	<input type="checkbox"/>	<input type="checkbox"/>
➤ Third Party Authorization form	<input type="checkbox"/>	<input type="checkbox"/>
➤ Completed Application for Release of Security (Fannie Mae Form 236), If Applicable	<input type="checkbox"/>	<input type="checkbox"/>
➤ Other (Specify): _____	<input type="checkbox"/>	<input type="checkbox"/>

**Step 4.** To the best of your knowledge, does your loan meet eligibility requirements listed on the Partial Release Request Requirements page?

Your signature indicates your consent for Embrace Home Loans to order either an Appraisal or Brokers Price Opinion (BPO) to confirm the value of the property. The price of the Appraisal or BPO will be billed to your account, regardless if your request is approved or denied. You understand if your request is submitted incompletely and/or additional documentation is needed from you and it is not received within 30 calendar days, your request will be closed, and you will need to start the processes over again.

\_\_\_\_\_  
Signature \_\_\_\_\_  
Date

**Step 5.** Submit this fully completed legible form and supporting documentation to:

**Email:** [ServicingHelp@ServicingHome.com](mailto:ServicingHelp@ServicingHome.com)  
**Fax Toll Free:** 877-776-1112  
**Mail:** Embrace Home Loans  
ATTN: Document Admin. Partial Release  
P.O. Box 19210  
Charlotte, NC 28219-0229