

.09 RELEASE OF A CO-BORROWER

A co-borrower may be released from liability on an AHFC loan provided the co-borrower who is retaining ownership qualifies for the loan. Loans should be underwritten by the Servicer according to AHFC's normal underwriting guidelines. (Refer to [Section 7007](#) of the Selling Guide.)

It is recommended the Servicer submit an Information Request Prior to Assumption or Release of Co-Borrower ([Form ASM-1](#)) before advising parties of the release criteria.

The submission of required documentation as outlined below must be provided to AHFC's Servicing Department within 10 business days after the transaction closes.

- A. Required Documentation Sent to AHFC's Servicing Department
 - 1. Release of Borrower Certification ([Form ASM-26](#)) – Original.
 - 2. Modification Agreement, if applicable ([Form SER-57](#) or [Form ASM-29](#)) - Original.

- B. Required Documentation Maintained in Servicer's File
 - 1. Borrower Release Agreement ([Form ASM-24](#)) – Original.
 - 2. Information Request Prior to Assumption or Release of Co-Borrower ([Form ASM-1](#)).
 - 3. Approval from mortgage insurer/guarantor, if applicable.
 - 4. Detailed payment history for the past 12 months on the existing loan. Explanation from the borrower must be provided for any payment made after the 15th of the month.
 - 5. Evidence of release from liability from the federal guaranty agency, if applicable.
 - 6. Proof the remaining borrower is a veteran, if applicable.

Upon Servicer approval, the Release of Co-Borrower Agreement should be executed by the Servicer. This document will not be valid until executed by all parties.