

.01 RELEASE OR CHANGE IN COLLATERAL

To document a request for a replat, partial release or change in collateral, the Servicer must support the recommendation that the proposed change does not adversely affect AHFC's lien position, value of the collateral, receipt of the loan payment, or conflict with state, municipal or local zoning laws and restrictions.

If the request requires an appraisal, it will be paid at the expense of the party requesting the change. Any costs related to the release or change in collateral will be paid at the expense of the party requesting the change.

If the Servicer becomes aware of any collateral change completed without prior AHFC approval, the Servicer **must** notify AHFC's Servicing Department in writing **within 5 business days**.

A. All Requests

The Release or Change in Collateral Checklist ([Form SER-78](#)) and the Application for Release or Change in Collateral ([Form SER-79](#)) must be completed and attached to the required documentation for submission to AHFC along with any other documentation deemed necessary. Any variation to the listed documents should be specifically addressed in the Servicer's recommendation.

AHFC may require an attorney prepare the loan documents for the release or change, paid at the expense of the party requesting the change.

All requested changes require a proposed as-built survey showing the security to be released and security retained. The survey must show the location of all improvements (e.g., dwelling, driveway, well, wastewater system, all outbuildings, lot dimensions and square footage and setback distances). Any change from the original plot plan must be clearly identified and fully explained.

For each type of change requested, refer to applicable sections listed below.

B. Partial Releases

A partial release may be requested as part of a replat request. AHFC will generally approve a partial release if the principal balance of the loan is reduced in an amount proportionate to the value of the collateral being released.

AHFC requires a current appraisal that shows the value of the property securing a mortgage loan before and after the release. Streamlined appraisal forms are not acceptable. The appraiser must have the ability to support the values.

If non-essential structures financed by AHFC are located on the portion of the property being released, the borrower must be aware that payment is required for the land and the improvements based on the contributory value at the time of loan origination.

Any compensation received must be applied to the principal balance of the loan or as directed by the Deed of Trust. Compensation for all partial release requests will be reviewed on a case-by-case basis. Case-by-case considerations will include the age of the loan, repayment history and the condition of the property.

C. Addition of Collateral

The Servicer must validate that no superior liens encumber the property being added and AHFC's lien position will not be changed. This may be done as an endorsement to the title policy.

AHFC requires an inspection completed by the Servicer to verify that no visible or apparent adverse environmental conditions exist on the property being added to the collateral. If there are questions of health and safety, structural problems or any environmental hazards impacting the property's value and/or marketability, AHFC may require, at the expense of the requesting party, an engineer's and/or environmental assessment report.

D. Replats

AHFC review and approval is required prior to approval by the local governing entity. AHFC will sign all plats, replats, etc., upon approval.

The Servicer must fully discuss complex replat situations with the Title Company and/or engineer or other knowledgeable party and thoroughly review all documentation before submitting a package and recommending approval.

If the dwelling does not meet current zoning setback requirements, a waiver from the appropriate local authority allowing reconstruction of the dwelling on the same building footprint is required.

E. Easements

A release or granting of an easement may be requested to allow use of the property for a specific purpose. If the borrower receives compensation, the Servicer must recommend if any compensation should be applied to the principal balance of the loan. The Servicer must evaluate any proposed easement to determine what impact, if any, it would likely have on the property.