

RELEASE OF COLLATERAL

In order for the U.S. Small Business Administration (SBA) to consider your request for Partial or Full Release of Collateral, **please provide the following required information as itemized below.**

ATTENTION:

This requirements letter is not a commitment by the SBA. Any commitment made by the SBA will be provided separately in writing.

FOR HAFA REQUESTS, PLEASE USE THE OFFER IN COMPROMISE REQUIREMENTS LETTER

If loan is in servicing status, it must reflect current or be brought current before the SBA will process the request. Approval of any request may be conditioned on curing defaults and correcting any collateral deficiencies or issues with loan documents.

Once a complete package is received, the SBA will have a response to your request within 30 business days. Any incomplete packages are subject to delays and/or may be returned unprocessed. Additional documentation may be required for thorough analysis.

Please be advised that SBA will require "Monetary Consideration" to execute the Release of Collateral as pay down against the SBA loan balance. A pay down for consideration is not a regular instalment payments; however, the pay down will reduce your loan's principal balance. Regular monthly payments are not automatically re-amortized; you must qualify for payment reduction. If the sale of the property does not pay the loan in full, Borrower/Guarantor will not receive any proceeds from the transaction.

If SBA is in FIRST lien position, NET SALES proceeds must be remitted to the SBA as a principal reduction. This is to include any and all earnest money from Buyer to Seller. Failure to remit Net Sale Proceeds and Earnest money (if any) as instructed may cause the request for Release of Collateral to be declined.

All collateral documents now in place will remain in effect and all Borrowers/Guarantors will remain legally obligated under the existing terms of the Note, until such Note is paid in full.

Note: If SBA is in the process of foreclosing on the real estate used to secure your SBA loan, you must contact the SBA employee in the SBA's National Disaster Loan Resolution Center (NDLRC) named in your foreclosure letter to discuss this matter. As to non-bankrupt borrowers/guarantors in foreclosure, collection efforts currently in process will continue until SBA's NDLRC receives the required documentation and approves your request for assistance in writing. There will be no refunds of any offset(s) by the U.S. Department of Treasury during this period.

GENERAL REQUIREMENTS (For All Loan Types):

1. A detailed letter from the borrower(s) and/or guarantors (if any) signed and dated explaining the reasons for requesting that SBA release its lien on collateral. Explain why the SBA is not to be paid in full as a result of this transaction. If collateral is being sold, disclose any association you may have with the purchaser (relative, business partner, etc.). Specify the amount being offered to the SBA and the source of funds. The letter must contain a statement authorizing the SBA to speak with third parties involved. Letter should include name, address and telephone number of the transferring agent (i.e. closing attorney, escrow agent).
2. Completed, signed and dated Consent to Verify Information and 3rd Party Authorization ([Birmingham Form](#), [El Paso Form](#), [Santa Ana Form](#)) for all borrower(s) and/or guarantor(s) (if any).
3. Completed, signed and dated Financial Statement of Debtor ([SBA Form 770](#)) for all borrower(s) and/or guarantor(s) (if any). The request will be withdrawn if these forms are incomplete.
4. Completed, signed and dated Request for Transcript of Tax Returns ([IRS Form 4506-T](#)) for all borrower(s) and/or guarantor(s) (if any).
5. Copies of Federal Income Tax Returns (all schedules) for the last two (2) years from all borrower(s) and guarantor(s) (if any). If current tax return was not filed, submit a copy of your tax extension form and W-2 form(s).
6. Valuation of collateral: copy of a recent (no older than 120 calendar days) appraisal prepared by a real estate appraiser with an active appraiser's license. Separate appraisals are required for all property RELEASED and REMAINING as collateral.
7. Title report/ownership encumbrance report: (current within 120 calendar days) for collateral to be RELEASED and any collateral REMAINING as security on this loan.
8. Prior lien balances: verified balance(s) of any and ALL prior liens superior to SBA's position (include payoff statement or similar document from lien holders); from the properties to be RELEASED and REMAINING as collateral.

9. If the property RELEASED is real estate being sold, provide the following:
 - a. a copy of a fully executed purchase contract including all counter offers and addendums
 - b. the closing or draft settlement disclosure. (it must state "Pay Down" to SBA and not "Pay Off", if the SBA loan is not being paid in full)
 - c. a letter from senior lien holder stating that the short sale has being accepted. (if applicable)
10. For real estate REMAINING as collateral, submit the insurance policy's declaration page(s) as proof of Hazard Insurance and Flood Insurance, showing SBA as Mortgagee. **MORTGAGEE CLAUSE:** United States Small Business Administration, an Agency of the government of the United States of America, (Select and enter name and address of applicable center per below):
 - a. Birmingham DLSC – 801 Tom Martin Drive, Suite #120, Birmingham, AL 35211
 - b. El Paso DLSC - 10737 Gateway West, Suite #300, El Paso, TX 79935
 - c. Santa Ana NDLRC - 200 W Santa Ana Blvd, Suite #180, Santa Ana, CA 92701
11. For real estate REMAINING as collateral, if property is not within a Special Flood Hazard Area (SFHA), provide written verification (i.e. appraisal, insurance company provided confirmation and map). If property is within a Special Flood Hazard Area, you will be mandated to provide Flood Insurance naming SBA as Mortgagee, with coverage amount equal to the insurable value of the property, or the maximum coverage available, whichever is less.

Additional requirements for business loans:

1. Copies of latest Federal Income Tax Returns (all schedules) for the last two (2) years. (If current tax return was not filed, submit a copy of your tax extension form).
2. Year-to-Date financial statements - balance sheet and profit & loss statement **current within 90 days**.
3. Current Monthly Debt Schedule for business, or use [SBA Form 2202](#).

Packages can be electronically uploaded or sent via regular mail:

(1) Electronic upload:

- a. [Upload to Birmingham DLSC](#)
- b. [Upload to El Paso DLSC](#)
- c. [Upload to Santa Ana NDLRC](#)

(2) Regular mail: Mail to the appropriate center:

- a. US SBA, Birmingham DLSC – 801 Tom Martin Drive, Suite #120, Birmingham, AL 35211
- b. US SBA, El Paso DLSC - 10737 Gateway West, Suite #300, El Paso, TX 79935
- c. US SBA, Santa Ana NDLRC - 200 W Santa Ana Blvd, Suite #180, Santa Ana, CA 92701