

Once mortgage is fully paid, follow up with lender to release lien

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Q: My lender did not release the mortgage lien when I paid off my mortgage. How can I get this fixed?

A: If your lender didn't release your mortgage lien when you paid off your loan, you will need to take action in order to correct the situation.

The best lenders will take several steps once you have made your final mortgage payment. The first step is to process your payoff amount, and show your account as paid in full. The next step is to report the loan as "paid in full" with the major credit reporting agencies, including Equifax, Experian and Transunion, among others that they may report information to each month.

You lender should also send you a final statement that indicates that your loan was paid in full and you have a statement balance of zero. In case the lender was holding any funds in escrow for your real estate taxes and/or insurance, your lender should send you a check for the amount it is still holding.

Finally, the best lenders would send you the original note and mortgage, with the documents stamped "cancelled." With those documents, your lender may also send you the release of the mortgage.

If the lender sends you the release of the mortgage, you must then have that document filed or recorded in the local or county office that handles the filing or recording of real estate documents. In many situations, the lender will send the release of mortgage or trust deed directly to that governmental office, which would file or record it, and you wouldn't need to take any further action.

Over the last 10 to 15 years, some lenders have not followed through and have failed to send out the documentation required to release their liens. It appears that you're in this camp and you now need to call your lender and request that they send out the release.

Before you call your lender, please make sure that the lender didn't send the release for recording. In many states and locations, you can see if the release is recorded by searching your property records online.



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Now not all records are online, but if they are, you can search and see if you see the release.

Most frequently, you need your property index number, or parcel identification number or tax parcel number to search the property records. If you have online access and see that the release is recorded, you might be fine and might not need to take any further action. It would be ideal if you could get the cancelled documents back (for bragging rights, if nothing else), but if you have the release recorded and you received a statement from the bank showing that your loan balance is paid in full, you should be fine.

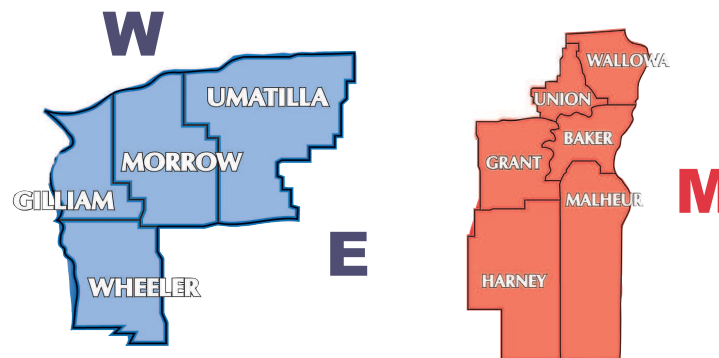
If the release is not recorded, you'll need your last statement and you'll need to call the lender. The lender will probably transfer you to the "release" department. That department will request your loan number and will confirm that the loan is paid in full. They may then tell you that the release had been sent out or that they will send a duplicate release out to either the government office for filing or recording or to you for you to record or file.

In either case, you can see if you get the document within a couple of weeks. Usually after the document is filed or recorded, the original should be sent to you. If you receive it, you should be set. If you don't get anything about a month later, you'll have to keep following up with the lender until you get the recorded or filed document or the original for you to record or file. Thanks for your question.

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