Mortgage Recast Overview

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If you want to lower your monthly mortgage payment and have the means to make additional payments toward your loan principal, a **mortgage recast** might be a great option for you. Learn what a recast involves, how it can help you save now and long term, eligibility requirements, and the process from start to finish.

What is a recast?

A recast involves making one or more voluntary payments to reduce your loan principal by $10,000 or more and reamortize your unpaid balance over the remainder of your loan term. In other words, your monthly principal and interest payment will be recalculated based on your reduced loan balance and payoff date.

The immediate result of a recast is a reduction in your monthly mortgage payment. Long term, a recast can reduce the amount you pay in interest over the life of your loan.

While a recast will change your monthly payment, it will not change your interest rate. If your goal is to reduce the interest rate of your loan, reach out to your Loan Officer about refinancing or call us. We'll be happy to help.

Are all mortgages eligible for recast?

No, not all loan types are eligible. Under the current government rules, recast is not an option for USDA (RHS), VA and FHA loans.

To qualify for a recast, the following must apply:

- Conventional loan (other types including USDA (RHS), VA, and FHA do not qualify).
- Loan must be in first lien position.
- Currently up to date on payments, meaning no payments are past due.
- Good payment history: No payments have been 30+ days past due in the past 12 months or 60+ days past due in the past 24 months.
- Principal reduction payment(s) of $10,000 or more since closing. This includes payments made to your principal in addition to regular monthly payments due to reduce the amount owed on your mortgage. Please note, a $300 processing fee may also apply, as allowed by law.

How can I get started?

Here's a rundown of the process and what to expect:

1. **Contact us to initiate the recast request**, specifying the amount of your principal reduction payment(s).

2. **We'll confirm whether your loan is eligible based on the above requirements and notify you as follows within two business days:**
    - If your loan is not eligible, we will mail you a letter notifying you of requirement(s) not met.
    - If your loan is eligible, we will mail you a package with a Recast Agreement detailing your anticipated new

loan balance, reamortization, and the modified terms of your loan along with step-by-step instructions for completing your recast.

- If applicable, we will reassess whether mortgage insurance will still be required based on the terms of your Recast Agreement. If, after the recast, your Loan-to-Value ratio satisfies the automatic termination requirement for your loan and all other requirements are met, we will notify you and initiate the process.

3. **Within 15 days of the Recast Agreement date, you will need to:**
    - Return a signed and notarized copy of the Agreement; and,
    - Wire or mail certified funds (i.e., cashiers check) covering the full amount due to complete your recast, including the principal reduction payment and $300 processing fee as applicable. Electronic payments can be made for principal reduction payments of $25,000 or less. Please refer to your recast package for your specific payment details and instructions.

4. **Once we receive the signed Recast Agreement and funds, we will:**
    - Process your payment and, if applicable, post the principal reduction to your loan.
    - Update our systems to reflect your new payment amount.
    - Send you a new billing statement that reflects your new payment amount; please note, until your new payment amount goes into effect, you must continue paying the current amount due each month. Please refer to your Recast Agreement for the date on which you should begin to pay the new monthly payment amount.
    - Send you a secured message to let you know the process is complete and provide your new payment amount and effective date.
    - If your loan is set up for autopay, your recurring draft will be adjusted automatically. If you use a third-party bill pay service or your financial institution’s bill pay function, you will need to change your payment settings to the new amount due.