

Recast

08/04/2026 10:37 am EDT

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.

Recast FAQs

Will a recast lower my monthly mortgage payment?

If your loan is eligible, recasting your loan may be an option to lower your payment as an alternative to refinancing. A recast typically involves making a one-time payment to reduce your loan principal and reamortize your unpaid balance over the remainder of your loan term. In other words, we will recalculate your monthly principal and interest payment based on your reduced loan balance and payoff date. The immediate result of a recast is a reduction in your monthly payment. Long term, a recast can reduce the amount you will pay in interest over the life of your loan. Your interest rate and term will remain the same.

How large does the one-time payment need to be?

A lump sum principal reduction payment of \$10,000 or more is required.

If I've made principal reductions over the years that add up to \$10,000 or more, do I have to make an additional lump sum payment?

No, an additional lump sum payment is not needed if your previous additional principal payments were \$10,000 or more.

I thought I could skip my regular payment this month since I sent in a principal reduction payment. Can you take my regular payment out of that amount?

No, the full amount of your one-time principal reduction payment, which was specified in your Recast Agreement, can only be applied to your principal. You need to continue making your monthly payment on or before your due date until the date your new payment amount becomes effective. Please refer to your Agreement for the date on which you should begin to pay the new monthly payment amount.

When can I start paying the lower monthly payment amount specified in my Recast Agreement?

After you return your signed Recast Agreement and complete the one-time principal reduction payment, you can begin paying the new monthly payment amount on the date specified in the agreement. Typically, we send a billing statement with your new payment amount within five business days of receiving your agreement and funds. You need to continue sending your regular monthly payment until the effective date of your new payment amount, which will be specified in your agreement and billing statement.

How long does the recast process take?

The process can take 15 to 30 days depending on how quickly you return the signed Recast Agreement and one-time principal reduction payment. You will have 15 days from the agreement date to sign and return it to us, or the Recast will not be processed. We must also receive your principal reduction payment within 15 days of the agreement date. Once we receive your signed agreement and funds, we will process your recast and send you a new billing statement with your new monthly payment amount within 5 business days. The quicker we receive these required items from you, the shorter the overall timeframe will be.

How do I send the funds for the one-time principal reduction payment

Funds may be sent via wire or certified check (cashier's check). If the principal reduction payment is \$25,000 or less, we can also accept an electronic payment. The wiring information and address is provided in the step-by-step instructions mailed to you with your Recast Agreement. We do recommend, if you mail certified funds, that you send through a method that includes a tracking number on the envelope.

Will a recast impact my credit score?

We will report the change in your loan balance, but the recast itself is not reported as a loan modification. We do not know how the change in your loan balance may affect your unique credit score, which may be affected by numerous variables unrelated to your loan.

Who needs to sign the Recast Agreement?

Everyone who signed the original loan documents at closing is required to sign the Recast Agreement.

Can I sign the Recast Agreement electronically?

No, you need to sign and return the hard copy mailed to you at the address specified in your Recast Agreement.

My loan has a buydown. Will a recast affect my monthly buydown credit?

If the new monthly principal and interest payment specified in the terms of your recast agreement is greater than your monthly buydown credit, the recast will not change the amount credited to your loan each month. You will continue to receive the credit as specified in your buydown agreement, and it will continue to be displayed on your monthly billing statement. If your new principal and interest payment is less than the monthly buydown credit you are currently receiving, we will apply the full remaining balance of your buydown credit to the principal reduction payment made for your recast and recalculate your new monthly principal and interest payment accordingly. In this case, you will no longer receive buydown credits each month as the remainder will be applied to your loan via your principal reduction payment.
