

Mortgage Recasting

Why recast?

Recasting, or re-amortization, occurs when a borrower makes an additional principal payment on a loan to reduce the unpaid principal balance and requests a lower monthly payment. The loan's rate and term will remain the same, but the loan will be re-amortized based on the newly reduced principal balance which will result in a lower monthly payment.

Pros:

- Lower monthly payment
- Pay less interest as compared to the original amortization schedule
- Less expensive than a refinance
- Fewer credit requirements and no appraisal requirement
- Interest rate stays the same, taking advantage of the borrower's current low interest rate

Cons:

- Government loans (FHA, USDA, VA) are not eligible
- Minimum principal payment required
- Will not shorten the term of the loan
- Interest rate stays the same, a disadvantage if the borrower currently has a high interest rate

Loan Qualifications:

- Fannie Mae/Freddie Mac, fixed rate, conventional loans only
- Minimum principal payment of 10% of the current balance required
- Borrower must make the first two scheduled monthly payments to be eligible
- Loan must be current
- Borrower cannot be in active bankruptcy
- No pending servicing release (loan transfers) within 45 days

Recast fee: \$300 per recast

Additional Items:

- Principal payment must be received with written request OR within the request please provide the dollar amount of the curtailment and the date of the curtailment. Please email requests to customer-care@plainscommerce.com or mail to 3905 W 49th Street Sioux Falls, SD 57106.
- Recasting is allowed only once every 12 months no matter how many principal payments have been made within that period.
- It can take up to 30 - 45 days to complete a recast. During this time, the borrower must keep making their regular payment. Borrower will be able to make the new, lower payment as soon as the first billing statement reflecting the new payment amount is received.



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