



# Mortgage Recasting

## How it works with Newrez

### What is Mortgage Recasting?

Recasting, also known as re-amortization, is when a borrower wants to apply an additional sum of money to substantially reduce the unpaid principal balance of their loan and lower their monthly payment. The loan's interest rate and term will remain the same but the loan will be re-amortized based on the newly reduced principal amount which results in a lower monthly payment.

### Does NewRez allow for Recasting?

Yes, but the loan must meet certain criteria.

- 1 The required principal curtailment is a minimum of \$5,000
- 2 The loan must be current
- 3 The current loan must be a conforming/conventional Fannie Mae or Freddie Mac loan

Once the loan has been purchased by NewRez the borrower will need to contact NewRez Customer Service at 866-317-2347 to inquire about recasting their loan.

### Additional Key Points

There is a \$250 fee for recasting a loan with NewRez Servicing. The recast fee is subject to state guidelines (recast fees are not applicable in all states) and must be paid upfront.

Recast may not begin withing 60 days of origination

Recast must be requested within 60 days of the principal reduction

The client can contact Customer Service to verbally initiate the recast request. The monthly principal payment must be received before the recast request can be processed.

Recasting is allowed on Fixed Rate and Adjustable Rate mortgages. An ARM may only be recast if the the interest rate is scheduled to change in 6 months or less.

Recasting a loan is only allowed once a year no matter how many principal reduction payments have been sent within the last year.