**Recasts - What you need to know**

**Recasts** - A recast is when you make a lump-sum payment toward the principal balance of your loan. Your lender will then re-amortize your mortgage with the new (lower) balance. Your interest rate and term remain the same, but you can lower your monthly payments because your principal went down.

**Recast Fee** – most lenders charge a one time fee to recast in the $200 to $500 range

|  |  |
| --- | --- |
| Loan Type | Recast Eligible |
| Conventional\* | Yes |
| Jumbo/Non-Conforming\* | subject to investor discretion |
| FHA, VA, USDA | No |

\*If recasting a conventional or jumbo/non-conforming loan with mortgage insurance, most investors require the borrower to retain the MI for 2 years.  If you have a borrower that wants to recast and drop MI please communicate with the lock desk prior to locking your loan.