

Mortgage Recast Conventional Loan

A mortgage recast is when a lender recalculates the monthly payments on your current loan based on the outstanding balance and remaining term.

When you purchase a home, your lender calculates your mortgage payments based on the principal balance and the loan term. Every time you make a payment, your balance goes down. But what happens if you make an extra payment or pay a little more each month? Or make a lump-sum payment? When you pay towards your mortgage ahead of schedule, it may make sense to request a mortgage recast. Because a recast is based on the remaining balance of your loan, your monthly payment could decrease.

It's important to understand that mortgage recasts aren't automatic, and they aren't offered by all lenders. If you're interested in a mortgage recast, talk to your lender to see if it's an option.