Mortgage Loan Recast Guide

First Atlantic FEDERAL CREDIT UNION

What is a Mortgage Loan Recast?

A mortgage loan recast is when you pay a substantial amount of principal on your loan to reduce the balance and monthly payment.

How does a Mortgage Loan Recast Work?

- If approved, you make a substantial (minimum of $10,000) lump sum payment to reduce the loan balance.
- We then recalculate the monthly payment based on the lower principal balance, using the same interest rate and time remaining under the original mortgage term (maturity date).
- As a result, you receive a lower monthly payment.

Is There a Fee?

- Currently, FAFCU charges a fee of $250.00 to process a Mortgage Loan Recast.

How do I Qualify?

- Your loan must be a conventional mortgage held by First Atlantic FCU.
- Your monthly mortgage payment must be current with no amounts outstanding due.
- We must have an available copy of the Recorded Mortgage (please include a copy with your application to expedite the process).
- Your request must be at least 90 days after the mortgage closing date.
- Your request must be at least 90 days prior to any scheduled Adjustable Rate payment changes.
- You must have a lump sum principal payment of $10,000 or more available within 30 days (do not start this process if your payment will not be available within 30 days and proof of funds with your application).

How do I Get Started?

- Complete, sign, and return the Mortgage Loan Recast Application (please note, all original signors of the original Note must sign this application).

What Happens Next?

- We will review your submitted Mortgage Loan Recast Application and determine eligibility.
- If you are denied, you will receive a letter explaining the reason for denial.
- If you are approved, you will receive a form Mortgage Loan Recast Agreement within 15 days (The Agreement will include the new monthly mortgage payment amount).
- You will then be required to execute, notarize, and return the Mortgage Loan Recast Agreement.
- You will be required to include your lump sum payment with the Mortgage Loan Recast Agreement in certified funds or on deposit with FAFCU.
- Begin paying your new monthly mortgage payment on the effective date specified in the Mortgage Loan Recast Agreement (no more than 45 days from the date of the agreement).

Mortgage Loan Recast Application

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PRINCIPAL CURTAILMENT INFORMATION

▸ **If you have** already made a principal curtailment payment, please indicate the amount of the curtailment payment and the date that you remitted the funds to First Atlantic FCU in the spaces below:

Principal Curtailment Amount (Minimum $10,000)**:** _____

Principal Curtailment Date: _____

▸ **If you have <u>NOT</u>** already made a principal curtailment payment, please indicate the amount of the curtailment payment you intend to remit to First Atlantic FCU in the spaces below:

Principal Curtailment Amount (Minimum $10,000)**:** _____

Principal Curtailment Date (Must be within 30 days of application)**:** _____

LOAN INFORMATION:

Loan Number: _____

BORROWER CONTACT:

Name: _____

Home Phone: _____

Cell Phone: _____

Email: _____

CO-BORROWER CONTACT:

Name: _____

Home Phone: _____

Cell Phone: _____

Email: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

▸ **IMPORTANT MESSAGE:** From time to time, it may be important for First Atlantic FCU to contact you regarding your mortgage account via text, email, and/or auto-dialer. Do you authorize First Atlantic FCU to contact you regarding your mortgage account via text, email, and/or auto-dialer?

☐ **Yes, I authorize.**

☐ **No, I do not authorize.**

RETURN ADDRESS FOR APPLICATION

Please submit your completed application, along with a copy of the Recorded Mortgage to the below address:

First Atlantic FCU
Attn: Loan Servicing
468 Industrial Way West
Eatontown, NJ 07724

MEMBER ATTESTATION:

I certify, acknowledge, and agree the following:

1. I have read and understand the contents of the MORTGAGE LOAN RECAST GUIDE
2. I understand that submission of this request does not guarantee that I will be approved for a recast
3. If approved, I understand that I must provide my lump sum payment with my executed and notarized Mortgage Loan Recast Agreement in order for First Atlantic FCU to process the recast.

SIGNATURE OF BORROWER

X: _____ **Date:** _____

SIGNATURE OF CO-BORROWER

X: _____ **Date:** _____