Servicing P&P – Recast Policy

Policy

Kind Lending shall assist customers electing to make a large principal curtailment of at least 10% of the outstanding principal balance by recasting or re-amortizing the principal and interest to reduce the mortgage loan payment. There is a $300 filing fee paid by customers to complete recast.

Agency Requirements

1. *Fannie Mae Single Family Servicing Guide; 2018 Servicing Guide; Part C, Mortgage Loan Payment Processing, Remittance, Accounting, and Reporting; Chapter C-1, Processing Mortgage Loan Payments; Section C-1.2-01, Processing Additional Principal Payments*
2. *Fannie Mae Single Family Servicing Guide; 2018 Servicing Guide; Part F, Fannie Mae Servicing Guide Procedures, Exhibits, Quick Reference Materials, and Change Control Log; Chapter F-1, Servicing Guide Procedures; F-1-09, Processing Mortgage Loan Payments and Payoffs*
3. *Freddie Mac Single Family Seller/Servicer Guide; Servicing; Series 8000: Servicing All Mortgages; Topic 8100: General Freddie Mac Servicing Policies; Chapter 8103: Servicer Accounting and Application of Payments; 8103.7: Application of payments: partial prepayments (curtailments)*
4. *Ginnie Mae Mortgage-Backed Securities (MBS) Guide, Chapter 31, Project Loan, Part 7, Pooling of, Section A, Non-Level Payment Provisions*

Requirements

- Minimum curtailment amount of 10 percent of the unpaid principal balance
- Loan must be current
- Fee of $300

Procedure

The Customer Specialist receives a call, fax, mail, or email from the customer requesting to pay a curtailment on unpaid principal balance (UPB) of the loan. Forward to Client Relations for a recast quote to pass along to homeowner(s).

Note: GNMA, USDA, VA, FHA, and Asset loans are not eligible for recasts

- Loan is reviewed for eligibility.
- Request is reviewed to determine if a 10% curtailment amount was provided. If one was not referenced, the quote is based on the minimum 10 percent curtailment.
- Quote is generated, and includes the curtailment amount, fee amount, amount of the new Principal and Interest payment, instructions on submitting funds, deadline date, as well as the potential effective date provided funds, and documents are returned timely.
- A Process Stop is added to the loan with a 20-day expiration date which triggers the Cash Department to advise SPL when funds are received on the loan during that timeframe.

- Once the curtailment and fee are received and posted, a Recast Modification Agreement is drafted. It requires the borrower's signature and must be notarized. The document is mailed to the requestor, and a task is opened in MSP to ensure the agreement is returned within the allotted time.
- Customer Specialist may forward a copy to borrower via email or fax
- After the executed document is received, it is signed by an authorized signor of sub-servicer. The system is updated accordingly and a confirmation letter, along with a copy of the fully executed document, is mailed to the customer(s).
- The Investor Accounting Department is advised via task of the payment change.
- A copy of the agreement is uploaded to the imaging system of record.
- The original document is forwarded to the Document Control Department, who in turn sends it to the Document Custodian.