Blanket Loan Recast

What to expect after a partial property payoff

A blanket loan recast lowers the monthly principal and interest payment after one property is released and the required principal reduction is applied. The loan is not refinanced. The interest rate and maturity date stay the same unless separate written terms say otherwise.

How the process works

1	2	3	4	5
Request the partial payoff	**Pay the required amount**	**Principal is applied first**	**Make the next regular payment**	**Lower payment begins**
Guardian reviews the property being released, the remaining collateral and the current loan balance.	The quoted principal reduction, the $200 blanket recast fee and any disclosed recording or satisfaction charges are paid.	The principal reduction is posted immediately. Interest stops accruing on that amount as of the posting date.	The next scheduled payment remains due at the current amount. The system recalculates the interest/principal split after the curtailment.	The remaining balance is re-amortized over the remaining term. The new lower payment starts with the following payment cycle.

How the required payoff is calculated

Guardian determines the minimum principal reduction needed for the remaining property or properties to support the loan after the requested release.

Example calculation:
Current loan balance - 80% of the lesser of:
a. the sale price, or
b. appraised value
= Required principal reduction

The written payoff statement will show the amount due. Property-specific loan terms and approved exceptions may affect the final figure. Sale and/or appraisal price utilized is on remaining collateral only.

How the new payment is calculated

After the required payment cycle is completed, Guardian calculates the new principal and interest payment using:

- the remaining principal balance
- the existing interest rate
- the remaining number of scheduled payments
- the existing maturity date

The rate does not reset.
The maturity date does not extend.
Only the scheduled principal and interest payment is recalculated.

You do not lose the benefit of the payoff

The principal reduction takes effect when it is posted. The next scheduled payment may remain at the current amount, but the payment is not wasted. Because the balance is lower, less interest is due and more of that payment is applied to principal. The customer starts saving interest immediately; the lower required payment begins one cycle later.

Quick answers

When does the lower payment begin?	After the principal reduction is posted and the next regularly scheduled payment is completed, the new payment generally begins with the following payment cycle.
What does the $200 fee cover?	The $200 blanket recast administrative fee covers the partial payoff/recast processing and is all inclusive. An additional $50 rush fee may apply if a partial payoff quote is requested outside of our standard 3 business day turn time.
What if no lower payment is wanted?	Tell the loan officer before the payoff statement is prepared. A partial release without a payment recast may follow different fee and processing requirements.

This guide is a general explanation and is not a payoff statement or approval. The written partial payoff statement, loan documents and applicable investor or program requirements control. Payments and releases remain subject to final verification and processing.