

Extra Credit Assignment - Real Estate Finance (RE-320) – Spring Semester 2008

You are the loan officer. Buyers have come to you to get their home loan. They have a contract, and have already opened escrow. I will e-mail out the documents you will need within the next few days,

Your task is to complete the loan application (1003) based on the documentation shown, to complete the Good Faith Estimate based on the closing cost shown on the contract, and to work up the loan submission form (1008) for submission to underwriting. While this is usually typed, I will accept handwritten submissions. **IT WOULD BE A GOOD IDEA TO MAKE A FEW COPIES OF THE BLANK 1003, 1008 & GFE BEFORE YOU START SO YOU HAVE CLEAN COPIES TO WORK FROM FOR ANY SUBSEQUENT SUBMISSIONS.**

Any information not found in the paperwork – like birthdays, ages, years of schooling, how long on jobs or at addresses – is up to your creativity; this includes cost to be shown in the Good Faith Estimate. (The class handouts would be a good guide for this part.) In short, anything missing - create. The credit explanation is also up to you – just make sure that the explanation is consistent with the credit report! I would advise against making them current homeowners as this will require you to determine the disposition of their current property, or cash-flow issues if you assume they will keep the new property as a rental.

Ignore the date issues. In reality, all documents must be current within 30 days, except the credit report and prelim that need to be within 90 days, and the appraisal that needs to be within 180 days. For purposes of this exercise, assume they are all OK. Also, I am not requiring you to submit all of the 67 or so disclosures that are typically required, the appraisal or the preliminary title report. Turn in just the completed 1003, 1008, and Good Faith Estimate, along with the documentation provided and any additional necessary documents.

There are, however, some things that you need to address. This is not uncommon. It is incumbent on you, the loan officer/processor to make sure that the documentation is correct, and that the documents you have are consistent with the contract, etc. When you find something that you think an underwriter might have a problem with, you must contact the appropriate person(s), and resolve the issue(s.) (For purposes of this exercise, you will contact me via e-mail for these issues/questions.)

You have until 3 weeks to complete the assignment, however, it is suggested that you do it as soon as possible. Simply turn-in the file during class, or to my office, and I will underwrite the file. If there are problems with the submission (and there probably will be,) I (the underwriter) will suspend the loan, and return the file to you outlining your problems. You then can make any corrections necessary, and re-submit the file. You can do this as many times as necessary up to the day of the final exam, but your initial submission must be in within 3 weeks from my e-mailing the documents.

DO NOT PUT THIS ASSIGNMENT IN ANY FANCY FOLDERS OR COVERS. If you have an Acco hole-punch that punches two holes at the top of the page, this is preferred since this is how the industry works. If you don't have one, simply staple the upper left hand corner.

If you choose not to do this assignment, your grade will be based on 40% midterm, 40% final, and 20% attendance. If you do complete this assignment, you will better your final grade by one full letter grade, or 10%, whichever is less. In other words, if you are getting a "C," this will raise your grade to a "B." However, if you are getting an "F," with only 40%, this will only bring you up to 50%, and 50% is still not a passing grade! This means if you did not do well on the midterm, you should study harder for the final!