

MORTGAGE LOAN BROKERAGE & LENDING

PROJECT

Part III –Pricing Comparison (check Class Schedule for Due Date)

30 points

A third, and very important, responsibility of the mortgage broker is to “shop” for the best loan for the client. The Plummers have decided they want the “Piggyback” loan. They have done their own “shopping” on the internet for the 80% LTV 1st T.D. and have given you copies of quotes from three “direct” lenders (*provided by the instructor*). They want a 5.875% rate on the 1st T.D. [*Do not worry about the 2nd for this exercise.*]

As a mortgage broker, you are approved to submit loans to several “wholesale” lenders and want to show the Plummers that you can compete against “direct” lenders.

Use the following criteria:

1. Loan amount for the 80% LTV 1st T.D. from Part II.
2. It is now August 21 and the escrow is due to close on September 15 (in 26 days). You will need *at least* a 30-day lock.
3. Your Wholesale lenders have a lump-sum charge of \$800, which includes underwriting, document preparation, tax service and wire transfer .
4. For your loans, you know there will be 3rd party costs charged to the buyer on a *purchase transaction* which are:

Flood Cert.	\$ 22
Credit report	\$ 21
Appraisal	\$350
Escrow (buyer’s portion)	estimate using “Charts & Factors”
Title Insurance (Lender’s)	estimate using “Charts & Factors”
Notary	\$ 50
Recording	\$ 75
Courier	\$ 50

5. You would like to earn **1.5 Points** as a Fee in addition to a **\$495** Processing Fee, but **can be flexible** to compete and “GET THE DEAL”.

Using the rates for your three wholesale lenders provided by the instructor, **complete and turn in** the following showing how you beat the “direct” lenders to get the deal.

Step 1) Wholesale Lender Comparison – to decide which wholesale lender to use **10**

Step 2) APR Calculation – to calculate the APR on your loan. **10**

Step 3) Rate Comparison – to compare your loan with the 3 “direct” lenders **10**

30 pts.

[Note: Round all figures up to the nearest whole dollar amount]