



Client Consultation Assignment 2:

FICO & Loan Pre-Qualification Notification



Background Info:

Typically, a home buyer will not begin looking for houses with their real estate agent until they know how much of a home loan they will qualify for; this, of course, directly affects how expensive of a home they can afford to purchase.

To find out this loan amount, home buyers will usually meet with a lender and undergo a process called *pre-qualification*. Pre-qualification is when a lender looks at a borrower's information (social security number, employment, annual income, asset information, current monthly debt, and credit score) and then, based on this quick work up, the borrower will be told that they pre-qualify for a certain loan amount.

Home buyers will usually receive a loan pre-qualification letter that tells them not only how much the lender will most likely lend them, but also what the interest rate will be on that loan. This loan amount is only a preliminary check, and home buyers will have to undergo a lengthy process to make it official later on. However, pre-qualifications are helpful because a buyer has a fairly accurate estimate of how much they can spend when shopping for a home. Once they have their loan amount, they can add that to the amount they have saved for a down payment and figure a maximum home price.

Objective:

Now that you have successfully found out your client's FICO score and used their initial financial information with the California Coast Credit Union loan officers to "qualify" them for a home loan, you will notify the client of your findings.

For this assignment, you will need to contact your client by e-mail and update them about their credit rating (FICO), their home loan & interest rate, and their maximum home price (you'll calculate this based on their loan amount approval plus their down payment). You will do this by sending them a copy of a fictitious "Loan Pre-Qualification Letter."

Directions:

Step 1: First, download and fill in the *Loan Pre-Qualification Letter* from the Real Estate Project website. Once you have the template, you will need to fill in all of your client's information in the brackets.

Step 2: Once you have entered all of your client's individual info into the letter, save it as a PDF.

Step 3: Now, write an e-mail to your client and ATTACH the PDF of their loan pre-qualification letter. See the *Client Consultation # 2 E-Mail Template* online for an example of what to write in the text of this e-mail to your client.