

## The Home Mortgage Company – Rate Program

You are working as a business analysis for The Home Mortgage Company, offering thirty year residential fixed and variable rate mortgage loans to in the greater Philadelphia Area. The Home Mortgage Company offers a range of loan options in their mortgage program based on the applicants past and current credit history.

During your meeting with Jack Jones who is the Director of Residential Leading you have noted the follow criteria for the Thirty Year Mortgage Program.

*Applicants with an existing mortgage loan, in good standing with HMC and a credit score greater than 750 will be offered a fixed mortgage rate 50 basis points below the prime rate, with a credit score between 750 and 500 will be offered a fixed mortgage rate 25 basis points below the prime rate, otherwise they will be offered a fixed mortgage rate at the prime rate, on the day of lock-in.*

*Applicants with existing mortgage loans, in poor standing with HMC and a credit score greater than 650 will be offered a fixed mortgage rate 25 basis points over the prime rate at the time of lock-in, otherwise the applicant will be offered a variable rate mortgage 100 basis points above prime on the first day of each month.*

*Applicants with no existing mortgage loans with HMC, assets of over 200,000 dollars, with a credit score greater than 550 will be offered a fixed mortgage rate 50 basis points above the prime rate, with a credit score between 550 and 300 they will be offered a fixed mortgage rate 100 basis points above the prime rate, otherwise they will be offered a fixed mortgage rate 150 basis points above the prime rate, on the day of lock-in.*

*Applicants with no existing mortgage loans with HMC, assets less than 200,000 with a credit score greater than 550 will be offered a variable rate mortgage based on 200 basis points above prime on the first day of each month.*

*All other Applicants will be sent a rejection letter and placed in the application archive system*

**The Deliverables:** Using the information provided:

1. Identify the set of business rules that The Home Mortgage Company is using to decide what interest rate and type loan (fixed or variable) to grant to an applicant for a thirty year loan.
2. Draw a Decision Tree of how The Home Mortgage Company should link these business rules to decide what rate and loan type to offer the applicant.
3. Write a list of questions (4 -5) that you want to ask Jack Jones when you go back to him with your draft rules to check if they are correct.