

## **1 Problems in the textbook**

### **1.1 Review questions**

4, 9, 12, 13

### **1.2 Problems**

2, 4, 6, 10, 11

## **2 Extra Problems**

1.

(a) Explain how securitization (“Originate-to-Distribute” or Credit Risk Transfer) may lead to a rise of moral hazard problem for mortgage originators. Is it a good explanation to the sub-prime crisis? Why?

(b) Briefly discuss the viewpoint of Gorton (2008) regarding the uniqueness of the sub-prime crisis.