

Course Outline

COURSE: RE 163 **DIVISION:** 50 **ALSO LISTED AS:**

TERM EFFECTIVE: Spring 2016 **CURRICULUM APPROVAL DATE:** 10/12/2015

SHORT TITLE: REAL ESTATE FINANCE

LONG TITLE: Real Estate Finance

<u>Units</u>	<u>Number of Weeks</u>	<u>Type</u>	<u>Contact Hours/Week</u>	<u>Total Contact Hours</u>
3	18	Lecture:	3	54
		Lab:	0	0
		Other:	0	0
		Total:	3	54

COURSE DESCRIPTION:

This course covers the regulations and procedures for financing real estate: types of lenders, primary and secondary investors, and methods and guidelines for qualifying for real property loans. This course meets a requirement for the California Broker's License. This course has the option of a letter grade or pass/no pass. **ADVISORY:** Real Estate 160

PREREQUISITES:

COREQUISITES:

CREDIT STATUS: D - Credit - Degree Applicable

GRADING MODES

L - Standard Letter Grade

P - Pass/No Pass

REPEATABILITY: N - Course may not be repeated

SCHEDULE TYPES:

02 - Lecture and/or discussion

STUDENT LEARNING OUTCOMES:

1. Describe how real estate is financed in California from a lending, regulatory, and borrowers perspective.

Measure: written exam, discussion

PLO:

ILO: 7,2,1

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

2. Explain the real estate lending process from underwriting and qualifying through funding and loan retirement.

Measure: written exam, homework, discussion

PLO:

ILO: 7,2,1,4

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

3. Identify the key players in California real estate finance.

Measure: written exam, homework, discussion

PLO:

ILO: 7,2,1,4

GE-LO:

Year assessed or anticipated year of assessment: 2016-17

CONTENT, STUDENT PERFORMANCE OBJECTIVES, OUT-OF-CLASS ASSIGNMENTS

Curriculum Approval Date: 10/12/2015

3 Hours

Content: Introduction. Money and Markets: The Real Estate Industry, Financial Markets, Money, Capital, Money Supply, Controlling the Money Supply.

Student Performance Objectives: Identify characteristics of real estate cycles. Recognize terms used to describe money and markets. Identify types of markets. Recall characteristics of the money supply. Recognize functions of the Federal Reserve System. Specify functions of the Department of the Treasury.

Out-of-Class Assignments: Read related chapter in the textbook and complete review questions quiz.

3 Hours

Content: The Mortgage Markets: Overview of the Mortgage Markets, Primary Mortgage Market, Secondary Mortgage Market, Mortgage-Backed Securities, Participants in the Secondary Mortgage Market.

Student Performance Objectives: Specify the purpose of the mortgage markets. Identify the participants in the mortgage markets. Recognize the types of mortgage-backed securities. Recall the functions of Fannie Mae. Recall the functions of Freddie Mac. Recall the functions of Ginnie Mae.

Out-of-Class Assignments: Read related chapter in the textbook and answer review questions.

3 Hours

Content: Sources of Finance: Definition of a Lender, Types of Lenders, Third Party Originators, How Loans are Originated.

Student Performance Objectives: Identify lenders and loan originators. Name various types of lenders. Distinguish between fiduciary and non-fiduciary lenders. Recognize types of third party originators. Recall how loans are originated. Identify the pros and cons of wholesale lending.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions quiz.

Homework: Visit two different types of lenders and research their lending process. Come prepared to discuss your findings with the class.

3 Hours

Content: Loans - Fixed-Rate, ARM, and GPM: Purpose of the Loan, Amortization Type.

Student Performance Objectives: Specify the purpose of a real estate loan. Select the definition of amortization from four given choices. Recognize loan amortization types. Identify the features of fixed-rate loans. Identify the features of adjustable-rate loans. Identify the features of graduated payment loans.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions quiz.

4 Hours

Content: Loans - Conventional: Conventional Loans, Conforming Loans, Non-Conforming Loans.

Student Performance Objectives: Identify characteristics of conventional loans. Select conventional loan terms. Recognize characteristics of private mortgage insurance. Name conforming loan guidelines. Identify characteristics of non-conforming loans. Recall elements of predatory lending.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions.

Homework: Research the various Fannie Mae and Freddie Mac Loan Products and come prepared to discuss your findings with the class.

3 Hours

Content: Loans - Government-Backed: Federal Housing Administration, Department of Veterans Affairs.

Student Performance Objectives: Specify the FHA's role in real estate financing. Identify FHA financing guidelines. Recognize FHA loan programs. Specify the VA's role in real estate financing. Identify VA financing guidelines. Recognize VA loan programs.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions quiz.

Complete a sample of the paperwork required by the Department of Veterans Affairs in order to obtain a loan. Study for Midterm.

3 Hours

Content: Alternative Financing: Seller Financing, Secondary Financing, Other Financing.

Student Performance Objectives: Identify the different types of alternative financing. Recognize the advantages of seller financing. Specify the types of seller financing available to borrowers. Identify various types of secondary financing. Distinguish the types of financing based on property type. Recognize the type of financing based on the purpose of the loan.

Out-of-Class Assignments: Read related chapter in the textbook and answer the study questions quiz.

Complete a sample Seller Financing Addendum and Disclosure form. Study for Midterm.

6 Hours

Content: Midterm. The Loan Package: Steps in the Loan Process, Completing the Application, Rate Commitment, Preparing the Loan Package.

Student Performance Objectives: Recognize steps involved in obtaining a real estate loan. List items included in a loan package. Identify information included in sections of the Uniform Residential Loan Application. Specify when the borrower may lock in an interest rate. Designate loan packaging procedures. Distinguish between primary and alternative types of documentation.

Out-of-Class Assignments: Read related chapter in the textbook and complete review questions quiz.

Complete a sample Uniform Residential Loan Application form, a sample Request for Verification of Deposit form, a sample Request for Verification of Employment form, and a sample Request for Copy of Tax Return form.

3 Hours

Content: Underwriting: What Lenders Look For, Underwriting.

Student Performance Objectives: Recall the underwriting process. Recognize the three Cs of credit. Recognize underwriting guidelines. Distinguish among the types of credit history. Specify features of credit reporting. Name methods of credit scoring.

Out-of-Class Assignments: Read related chapter in the textbook and complete review questions. Complete a sample Uniform Residential Appraisal Report form.

3 Hours

Content: Promissory Notes: Promissory Notes, Negotiability of a Promissory Note, Types of Promissory Notes.

Student Performance Objectives: Indicate features of promissory notes. Recognize loan instrument clauses. Recall elements of negotiable instruments. Recognize elements of the Uniform Commercial Code. Specify defenses of the maker in a court action. Name types of promissory notes.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions.

Complete a sample Multistate Fixed Rate Note form, a sample Multistate Balloon Note (Fixed Rate) form, a sample Multistate Adjustable Rate Note (6-Month LIBOR Index - Rate Caps) form, and a sample Multistate Convertible/Adjustable Rate Note (1-Year Treasury Index - Rate Caps - Fixed Rate Conversion Option) form.

3 Hours

Content: Security Instruments: Uniform Security Instruments, Mortgages and Deeds of Trust.

Student Performance Objectives: Recall the purpose of a security instrument. Recognize uniform covenants in security instruments. Distinguish between lien theory and title theory. Identify the elements of a mortgage. Identify the elements of a deed of trust. Indicate statutory redemption.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions quiz. Complete a sample Mortgage form and a sample Deed of Trust form.

4 Hours

Content: Settlement and Closing: Settlement, Marketability of Title, Property Tax Issues, Closing Costs, Completing Closing Statements, Closing the Loan, Federal and State Disclosures.

Student Performance Objectives: Recall the process of closing (settlement). Designate the role of the participants in the closing. Identify marketability of title. Identify property tax issues. Categorize the various closing costs. Recognize elements of the loan closing process.

Out-of-Class Assignments: Read related chapter in the textbook and complete the review questions quiz.

Homework: Review the list of Documents Needed for the Closing Meeting and come prepared to discuss them in class. Homework: Using the sample provided, figure out the prorated costs for the buyer and seller using both the 365-day method and the 30-day month method.

3 Hours

Content: Loan Servicing: Transfer of Real Estate Loan Servicing, Responsibilities of a Loan Administrator.

Student Performance Objectives: Identify characteristics of loan servicing. Specify how a change in servicer affects loan terms. Recognize procedures for loan servicing transfers. Recall the responsibilities of real estate loan administrators. Identify the purpose of an escrow (impound) account. Select the elements in a payoff demand statement.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions. Study for final.

3 Hours

Content: Default and Foreclosure: Default, Foreclosure, Sue on Promissory Note.

Student Performance Objectives: Select the definition of default from given choices. Identify borrower options during a loan default. Identify lender options during a loan default. Choose the different types of foreclosure from a list. Indicate the order in which lenders are paid off in foreclosure. Indicate how a lender sues on the promissory note.

Out-of-Class Assignments: Read related chapter in the textbook and answer the review questions.

Complete a sample Notice of Default and Election to Sell Under Deed of Trust form, a sample HUD Mortgagee Notice of Foreclosure Sale form, and a VA Notice of Default and Intention to Foreclose form. Study for final.

5 Hours

Content: Fair Lending Laws: Regulation and Reform, Lending Practice Laws, Fair Housing, Credit Protection, Compensation for Loan Originators, Settlement. Review for Final Exam.

Student Performance Objectives: Name regulations and laws regarding financial reform, including the Dodd-Frank Act and amendments to HUD Regulation X and FRB Regulation Z. Name federal fair housing laws and recall protected classes. Name federal credit protection laws, including Title X of the Dodd-Frank Act that established the Consumer Financial Protection Bureau. Specify elements in the TILA disclosure statement. Recall that Regulation B was issued to implement the ECOA. Name the main features of RESPA.

Out-of-Class Assignments: Read related chapter in the textbook and complete the review questions quiz. Study for final.

2Hours

FINAL EXAM.

METHODS OF INSTRUCTION:

lecture, discussion, audio-visual, guest presentation

METHODS OF EVALUATION:

Category 1 - The types of writing assignments required:

Percent range of total grade: 20 % to 30 %

Written Homework

Category 2 - The problem-solving assignments required:

Percent range of total grade: 10 % to 30 %

Quizzes

Exams

Category 3 – The types of skill demonstrations required:

Percent range of total grade: % to %

Category 4 - The types of objective examinations used in the course:

Percent range of total grade: 50 % to 80 %

Multiple Choice

True/False

Matching Item

REPRESENTATIVE TEXTBOOKS:

Required:

Sherry Shindler Price and Leigh Conway. Real Estate Finance (Fifth Edition). Laguna Hills, CA: Ashley Crown Systems, Inc., 2014.

Or other appropriate college level text.

Reading level of text, Grade: 13th Verified by: Publisher

ARTICULATION and CERTIFICATE INFORMATION

Associate Degree:

CSU GE:

IGETC:

CSU TRANSFER:

Transferable CSU, effective 200730

UC TRANSFER:

Not Transferable

SUPPLEMENTAL DATA:

Basic Skills: N

Classification: I

Noncredit Category: Y

Cooperative Education:

Program Status: 1 Program Applicable

Special Class Status: N

CAN:

CAN Sequence:

CSU Crosswalk Course Department: RE

CSU Crosswalk Course Number: 163

Prior to College Level: Y

Non Credit Enhanced Funding: N
Funding Agency Code: Y
In-Service: N
Occupational Course: B
Maximum Hours:
Minimum Hours:
Course Control Number: CCC000435871
Sports/Physical Education Course: N
Taxonomy of Program: 051100