



El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	RE
Course Number:	14A
Descriptive Title:	Real Estate Finance I
Division:	Business
Department:	Real Estate
Course Disciplines:	Real Estate
Catalog Description:	<p>This course provides instruction on the various aspects of finance, including fixed and variable rate loans, conventional and government financing programs, and creative financing options. Students will calculate unpaid loan balance, interest, and loan qualifying ratios.</p> <p>Note: This course is approved by the California Department of Real Estate (DRE) as one of the mandatory eight statutorily-required, college-level courses for the broker license and for the salesperson license, which also requires Real Estate Principles and Real Estate Practice. This course is also approved by the California Bureau of Real Estate Appraisers (BREA) for credit hours towards the appraisal license.</p>
Prerequisite:	
Co-requisite:	
Recommended Preparation:	Real Estate 11 or concurrent enrollment or California Department of Real Estate (DRE) license or equivalent experience AND Business 115
Enrollment Limitation:	
Hours Lecture (per week):	3
Hours Laboratory (per week):	0
Outside Study Hours:	6
Total Course Hours:	54
Course Units:	3
Grading Method:	Letter Grade only
Credit Status:	Credit, degree applicable
Transfer CSU:	Yes
Effective Date:	fall 1995
Transfer UC:	No
Effective Date:	
General Education: ECC	
Term:	
Other:	

	CSU GE:
	Term:
	Other:
	IGETC:
	Term:
	Other:
Student Learning Outcomes:	<p>SLO #1 Build Vocabulary</p> <p>Students will define, describe and differentiate between various real estate standard terminology showing comprehension and knowledge of real estate vocabulary used in the workplace to assist and prepare each student from the diverse student body to gain confidence in their ability to effectively communicate and collaborate in a real estate sales, property management, appraisal, loan or investment to work with both licensees and a diverse public in a typical real estate transaction.</p> <p>SLO #2 Industry Forms and Documents</p> <p>Students show the ability to prepare and complete standard real estate industry forms and documents as found in diverse real estate sales, rental, finance, appraisal or investment business transactions.</p> <p>SLO #3 Mathematical Computations</p> <p>Students will demonstrate the ability to calculate typical real estate mathematic computational problems as found in diverse real estate business areas of sales, leases, prorations, finance, appraisal, property management, investments and capitalization, land or structure area and taxation.</p>
Course Objectives:	<ol style="list-style-type: none"> 1. Analyze and explain the step-by-step process and the legal requirements involved for a licensed California mortgage loan broker to describe the loan process. 2. Interpret real estate terminology and acronyms used in the finance field and in mortgage loan brokerage and lending. 3. Analyze and calculate problems pertaining to basic real estate mathematics, such as calculating the down payment, mortgage insurance, and monthly payment for a buyer. 4. Analyze and evaluate loan types, features of various loans, and loan alternatives. 5. Compare and contrast the various loan programs that are appropriate for both the property and the borrower. 6. Calculate real estate finance problems such as capitalization rate, points, discounts, yield, and qualifying ratios using the Realty Blue Book, a real estate financial calculator and an online computer calculator. 7. Collect and analyze online data for finance or re-finance analysis purposes. 8. Demonstrate test-taking skills in preparation for the state license examination and the course final examination. 9. Prepare common real estate loan forms. 10. Differentiate among real estate loan clauses, interpret consequences of loan assumption or taking title subject to the existing loan, and construct a real property transaction in light of the loan clause restrictions. 11. Diagram the aspects of the secondary money market and evaluate the interaction with the California loan business.

	<p>12. Categorize and compare the types of governmental controls and regulations that limit the loan broker activity in California.</p> <p>13. Develop a career plan that includes real estate finance career options in regard to working conditions, terms of employment, and advancement opportunities.</p> <p>14. Compare and contrast alternatives for a declined loan package and compose recommendations to submit the loan to another lender for approval.</p> <p>15. Compare and contrast institutional and non-institutional lender criteria for loan submission and types of loan preferences.</p>
<p>Major Topics:</p>	<p>I. Introduction to real estate finance (4 hours, lecture)</p> <ul style="list-style-type: none"> A. History of Real Estate Finance B. Federal Reserve Act C. The Role of Government <p>II. The Real Estate Marketplace (3 hours, lecture)</p> <ul style="list-style-type: none"> A. The Real Estate cycle B. The role of the secondary mortgage market C. Secondary market agencies <p>III. Sources of Funds (6 hours, lecture)</p> <ul style="list-style-type: none"> A. Traditional direct lenders B. Indirect lenders C. Correspondents D. Private lenders <p>IV. Lending rules and agencies (4 hours, lecture)</p> <ul style="list-style-type: none"> A. Types of securities B. Federal National Mortgage Association (FNMA) C. Federal Home Loan Mortgage Corporation (FHLMC) D. Federal credit agencies <p>V. Federal Regulations (3 hours, lecture)</p> <ul style="list-style-type: none"> A. Federal anti-discrimination legislation B. Consumer Protection Laws C. Taxation Issues <p>VI. State Regulations (4 hours, lecture)</p> <ul style="list-style-type: none"> A. Real estate law <p>VII. Finance Instruments (5 hours, lecture)</p> <ul style="list-style-type: none"> A. Promissory notes B. Deeds of trust C. Mortgages D. Contracts

	<p>E. Security instruments</p> <p>VIII. The loan process (4 hours, lecture)</p> <p>A. The loan application B. Closing C. Completing the application form</p> <p>IX. Loan financing (5 hours, lecture)</p> <p>A. Conventional loans B. Conforming and nonconforming loans C. Secondary financing D. Private instruments</p> <p>X. Real estate finance mathematics (5 hours, lecture)</p> <p>A. Calculating interest B. Amortization C. Balloon payments D. Points</p> <p>XI. Alternative financing (5 hours, lecture)</p> <p>A. Discounts B. Buy-downs C. Adjustable-rates mortgages D. Growth equities E. Seller financing</p> <p>XII. Government Programs (3 hours, lecture)</p> <p>A. Federal housing Administration (FHA) B. Veteran's Administration (VA)</p> <p>XIII. Qualifying (3 hours, lecture)</p> <p>A. Qualifying the buyer B. Qualifying the property C. Steps to Qualification</p>
Total Lecture Hours:	54
Total Laboratory Hours:	0
Total Hours:	54
Primary Method of Evaluation:	2) Problem solving demonstrations (computational or non-computational)

Typical Assignment Using Primary Method of Evaluation:	Given a Federal National Mortgage Association (FNMA) 1003 loan application form completed by a prospective borrower, demonstrate how to compute loan points, qualifying ratio and buyer closing costs in a one- to two-page report.
Critical Thinking Assignment 1:	In a one- to two-page report, evaluate a typical real estate loan package that has been turned down by a lender. Assess the problems with the loan package and determine the changes you could make that would increase the likelihood that the loan would be approved by a different lender.
Critical Thinking Assignment 2:	Given a Federal National Mortgage Association (FNMA) 1003 loan application for a prospective loan secured by real property, contrast loan qualifying for the requirements made by the Department of Veterans Administration (DVA), the Federal Housing Administration (FHA), the California Department of Veterans Affairs (Cal-Vet) and a non-government, conventional loan to contrast the maximum loan amount and the closing costs. In a one- to two-page report, formulate a written a recommendation for the applicant.
Other Evaluation Methods:	Homework Problems, Multiple Choice, Objective Exam, Quizzes, True/False, Written Homework
Instructional Methods:	Discussion, Group Activities, Guest Speakers, Lecture, Multimedia presentations
If other:	
Work Outside of Class:	Problem solving activity, Required reading, Study
If Other:	
Up-To-Date Representative Texts:	
Alternative Texts:	
Required Supplementary Readings:	
Other Required Materials:	Calculated Industries Qualifier Plus real estate financial calculator
Requisite:	
Category:	
Requisite course(s): List both prerequisites and corequisites in this box.	
Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).	
Requisite Skill:	
Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable	
Requisite course:	Real Estate-11 Business-15

<p>Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).</p>	<p>Demonstrate the ability to calculate, using Real Estate Mathematics, a variety of Real Estate related problems.</p> <p>RE 11 -Analyze and calculate problems pertaining to basic real estate mathematics.</p> <p>Students must understand the differences in the various types of lending institutions.</p> <p>RE 11 -Compare and contrast the various types of lending institutions.</p> <p>Demonstrate the ability to calculate annual percentage rates, interest, commissions, and present value.</p> <p>BUS 15 -Calculate simple interest, promissory notes, payments, and the discount process, compound interest, future value, present value, ordinary annuity, annuity due, and sinking funds by using tables and algebraic formulas.</p>
<p>Requisite Skill:</p>	<p>California Department of Real Estate (DRE) license or equivalent experience</p>
<p>Requisite Skill and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s). If applicable</p>	
<p>Enrollment Limitations and Category:</p>	
<p>Enrollment Limitations Impact:</p>	
<p>Course Created by:</p>	<p>John Koenig</p>
<p>Date:</p>	<p>08/01/1973</p>
<p>Original Board Approval Date:</p>	
<p>Last Reviewed and/or Revised by:</p>	<p>John Yeressian</p>
<p>Date:</p>	<p>09/18/2023</p>
<p>Last Board Approval Date:</p>	<p>12/18/2023</p>
<p>Effective Term:</p>	<p>FALL 2024</p>