Mt. San Jacinto College
Integrated Course Outline of Record

Form B

Submitted by: RENUMBERING PROJECT APPROVAL **Date:** 01/19/2017

Department	Subject	Course Number	Title
Real Estate	Real Estate RE	504	Real Estate Finance (formerly RE-143)

Units/Hours

Each lecture unit requires 1 hour per week of class time, and 2 hours per week of study outside of class.

Each laboratory unit requires 3 hours per week of class time.

Each activity unit requires 2 hours per week of class time and 1 hour per week of study outside of class.

Lecture Units	Total Units
3.00	3.00

Lecture Contact Hours	Total Contact Hours
48.00 - 54.00	48.00 - 54.00

Lecture Homework Hours

96.00 - 108.00

Stand Alone:

Program Applicable

AA/AS Degree General Ed Breadth Area(s):

-none-

General Education Justification:

Maximum Enrollment: 40

Maximum Enrollment Justification: Justification:

Grading Method: Letter Grade or P/NP

TOP code: 0511.00*

Can be Taken 1 **time(s) for credit** (max 4)

- Visual or Performing Arts course that is required to meet major requirements for UC/CSU

- Intercollegiate athletics course
- Academic/vocational competition course

Catalog Description:

(Please do not refer to transferability or degree, certificate, or employment concentration applicability. Please only describe the course).

(**75 words** or less in gray box below).

This course provides an analysis of real estate finance. Topics covered include financing instruments, sources of financing, loan origination and servicing, consumer protection, and the role of federal and state governments.

Schedule Description:

(Please do not refer to transferability or degree, certificate, or employment concentration applicability. Please only describe the course).

(**25 words** or less in gray box below).

This course is an analysis of real estate finance, lending policies, financing instruments, sources of financing, loan origination and servicing, consumer protection, and role of federal and state governments.

Need for the course:

This course meets pre-licensing requirements for California real estate salesperson and brokers exams. This course is required for the Real Estate Certificate and Associate of Science in Real Estate.

Prerequisite(s):

Prerequisites go through a separate approval process. See Forms E1-E6 for details.

(For further clarification, contact the Prerequisite Subcommittee)

-none-

Corequisite(s):

Corequisites go through a separate approval process. See Forms E1-E6 for details.

-none-

Recommend Preparation:

Recommended Preparation goes through a separate approval process. See Forms E1-E6 for details.

- RE 140 or
- Real Estate License

Other Enrollment Criteria:

-none-

Learning Objectives:

(please number each objective and express in behavioral terms)

Upon the completion of the course the student will be able to do the following:

1. Demonstrate an understanding of real estate financing.
2. Differentiate sources of real estate funding.
3. Explain the secondary market and its function in real estate finance.
4. Compare various lending alternatives.
5. Identify and describe real estate financing instruments, the underwriting processes, and escrow functions.
6. Compare government financing options and requirements.
7. Document the process of qualifying a property for financing.

8. Evaluate a borrowerâ€™s qualifications for financing.
9. Classify and apply regulations and requirements in financing real estate.
10. Evaluate career possibilities in the field of real estate financing.
11. Explain consumer protection, regulations, laws.

Course Content:

(please number the outline of main topics and subtopics)

1. Fintech, the Safeact, and the
    1. The Safe Mortgage Licensing Act
    2. Fiscal and Monetary Policies of the U.S.
    3. The Policy Tools of the Federal Reserve (FED)
    4. The Fed and Us Treasury Work Together
    5. Fintech Lending - The Future of Money
2. The Real Estate Cycle and the Secondary Market
    1. The Real Estate Cycle
    2. Forces Influencing Real Estate Cycles
    3. The Role of the Secondary Mortgage Market
    4. Agencies of the Secondary Market
    5. Quality Control
3. Loan Fund Sources for the Primary Market
    1. Direct Lenders
    2. Indirect Lenders
    3. The Role of the Private Investor
    4. Mortgage Loan Brokering and Subprime Lending
4. The Secondary Mortgage Market and Federal Credit Agencies
    1. The Secondary Mortgage Market
    2. FNMA and FHLMC
    3. Federal Credit Agencies
5. Ethics, Fraud, Consumer Protection, and Fair Lending
    1. Ethics
    2. Fraud
    3. Fair Lending
    4. The Real Estate Industry and Fair Lending
6. Federal Regulation (TILA/RESPA/TRID)
    1. Truth in Lending Act (TILA)
    2. Real Estate Settlement Procedures Act (RESPA)
    3. Tila-Respa Integrated Disclosure Rule (TRID)
7. Finance Instruments
    1. Hypothecation (Property as Collateral)
    2. Promissory Notes
    3. The Deed of Trust (Trust Deed)
    4. Default and Foreclosure of a Trust Deed
    5. Mortgages
    6. Land Contracts
    7. Typical Clauses in Security Instruments
8. Overview of the Loan Process
    1. The Loan Process
    2. Filling Out the Loan Application
    3. Loan Application Checklist
    4. Forms and Stacking Order
    5. Escrow Procedures
9. Conventional Financing
    1. Conventional Loans

10. Alternative Financing
    1. Discount Points
    2. Buydown Plans
    3. FNMA/FHLMC Limits on Buydowns
    4. Adjustable-Rate Mortgages (ARMS)
    5. The Growth Equity Mortgage (GEM)
    6. Reduction Option Mortgage
    7. Biweekly Loans
    8. Home Equity Conversion Mortgages (Reverse Mortgages)
    9. Shared Appreciation Mortgages (SAMS)
    10. Hard Money Makers and Arrangers
11. Government Programs: FHA and VA Loans
    1. Federal Housing Administration (FHA)
    2. FHA Programs
    3. VA Loan Guaranties
12. Seller Financing
    1. Purchase Money Mortgage/Trust Deed
    2. Land Contract
    3. Other Forms of Creative Financing
    4. Broker's Responsibilities
13. Qualifying the Borrower
    1. FHLMC/FNMA Underwriting Standards
    2. Summary of Qualifying the Borrower
    3. FHA Underwriting Standards
    4. VA Qualifying Standards
    5. Prequalification vs. Preapproval
14. Qualifying the Property
    1. The Lender's Perception of Value
    2. Market Approach (Sales Comparison Approach)
    3. Cost Approach (Replacement/Reproduction)
    4. Income Approach
    5. Understanding the Appraisal Process
    6. Key Considerations to a Residential Appraiser
    7. Rural and Suburban Homes
    8. Atypical Property
15. State Licensing Requirements
    1. California Bureau of Real Estate (CalBRE)
    2. California Recovery Account
    3. California Real Estate Brokers
    4. Real Estate Salespersons
    5. NMLS State Mortgage Loan Brokering Licensing Requirements - By State
    6. TRID and Required Disclosures In California
    7. California Fair Lending Laws
    8. Calvet Loans
    9. California Housing Finance Agency

Methods of Instruction:

Methods of instruction may include, but are not limited to the following:

- **Method:** Lecture
  Integration: Lecture, audio visual presentations, PowerPoint and use of the white board will be utilized to present topics such as: a. The primary and secondary financial markets b. Financing products c. Real estate financing instruments d. Underwriting processes e. Escrow functions
- **Method:** Discussion

Integration: Class discussions will be initiated on topics such as lending laws, regulations, practices, procedures, and current issues related to real estate finance. Student discussion will be monitored by instructor. The instructor will add comments during and/or after discussion period.

- **Method:** Activity
  Integration: Instructor led group activities will be presented to students. Students will be monitored and guided while working to solve financial lending problems, compare various lending alternatives, and estimate qualifying amounts for sample borrowers.
- **Method:** Case studies
  Integration: Case studies will be presented and evaluated to explore and identify best practices in the financing process.
- **Method:** Resources and topical material
  Integration: Resources and topical material related to real estate finance will be made available to students to enhance learning.
- **Method:** Current news articles
  Integration: Current news articles and events will be presented by instructor and students that relate to various aspects of the real estate financing industry.
- **Method:** Visiting Lecturers
  Integration: Guest speakers (lenders, mortgage brokers, title agents, etc.) will discuss current procedures and market conditions as available and appropriate.

Methods of Evaluation:

A student's grade shall be determined by the instructor using multiple measures of performance related to the course objectives. Methods of evaluation may include but are not limited to the following:

- **Method:** Exams/Tests
  Integration: Exams and quizzes on reading and lecture materials will be administered to determine student understanding and retention of material. Each question will be graded as correct or incorrect.
- **Method:** Projects
  Integration: Projects and assignments will be required designed to stimulate student critical thinking related to topics of real estate finance. A specific rubric will be developed for each project/assignment type.
- **Method:** Class Participation
  Integration: Class discussions will be initiated by the instructor to engage students and provide opportunity for student articulation of real estate finance terms and concepts, reading and lecture materials, case studies, and current events. Students will be evaluated on participation and contribution.

Examples of Assignments:

Students will be expected to understand and critique college level texts or the equivalent. Reading and writing, as well as out of class assignments are required. These assignments may include but are not limited to the following:

1. Using primary and secondary data, compare financing alternatives to determine the appropriate financing product for the borrower.
2. Using case study material provided, recommend a financing product, summarize the details of the loan process, and estimate borrower's costs and monthly payments, include the justification for recommendations and all calculations.
3. Utilizing material gained from the text and lecture material, describe the process for evaluating property values.
4. Employing laws and ethics, evaluate case material to demonstrate best practices in lending.
5. Using current market data, track interest rates and APR.

Textbooks:

- Walt Huber and Walt Zozula (2017). *Real Estate Finance, 8th Edition* Educational Textbooks Inc.. ISBN: 978-16-2684-178-9

Other Resources:

Minimum Qualification

- Real Estate