

El Paso Community College

Syllabus

Part II

Official Course Description

SUBJECT AREA	<u>Business Management</u>
COURSE RUBRIC AND NUMBER	<u>RELE 1319</u>
COURSE TITLE	<u>Real Estate Finance</u>
COURSE CREDIT HOURS	<u>3 3 : 0</u> Credits Lec Lab

I. Catalog Description

Monetary systems, primary and secondary money markets, sources of mortgage loans, federal government programs, loan applications, processes and procedures, closing costs, alternative financial instruments, equal credit opportunity laws affecting mortgage lending, Community Reinvestment Act, and the state housing agency. (3:0).

II. Course Objectives

Upon satisfactory completion of this course, the student will be able to:

- A. Unit I. Sources and Types of Real Estate Financing
 1. Discuss the importance of the construction and real estate industry and its impact on the economy.
 2. Describe the changes that have occurred in real estate finance.
 3. Describe the origins and activities of the following fiduciary sources of Real Estate Finance:
 - a. Savings Institutions
 - b. Commercial Banks
 - c. Credit Unions
 - d. Life Insurance Companies
 4. Contrast the activities of mortgage bankers and mortgage brokers.
 5. Explain how real estate cycles, supply and demand, population characteristics, and social attitudes relate to property value fluctuations.
 6. Explain the supply and cost of money.

- B. Unit II. Money and the Mortgage System
 1. Discuss the purpose and organization of the Federal Reserve System, the United States Treasury, and the Federal Home Loan Bank system and their influence on the supply of money.
 2. Explain the effects of supply and cost of money on the funds available for real estate finance.
 3. Define discount, federal funds, and prime rate.
 4. Discuss the impact of FIRREA on the banking system.
 5. Describe the responsibilities of the Federal Deposit Insurance Corp. (FDIC).
 6. Discuss the nature and functions of the Secondary Mortgage market.
 7. Describe the purpose of FNMA, Freddie Mac, and Ginnie Mae.
 8. Explain the difference between title theory, lien theory, and immediate theory.
 9. Identify the various instruments of real estate finance.

10. Compare a mortgage deed of trust to a mortgage note.
 11. Describe the standard components of a mortgage and a note.
- C. Unit III. Processing and Closing Real Estate Loans
1. Identify the different loan programs and differentiate between Conventional, FHA, and VA loan programs.
 2. Identify and explain the residential loan types available in Texas.
 3. Explain loan guidelines for conforming and non-conforming fixed and adjustable rate loans.
 4. Calculate mortgage loan-to-value ratios and explain their impact on qualifying buyers, gifts, the payment of closing costs, and private mortgage insurance.
 5. Describe the contribution of the Federal Housing Administration's loans to real estate financing.
 6. Determine the qualifications of buyers under FHA, VA, and Conventional guidelines.
 7. Explain credit reports and FICO scoring.
 8. Describe the appraisal process and analyze the value of a property for mortgage loan purposes.
 9. Name and describe the mortgage documents necessary for the loan process.
 10. Compute the closing costs for a mortgage loan.
 11. Analyze the title and survey of a property and determine its transferability.
 12. Calculate closing prorations and prepare a closing statement for a transaction.
 13. Summarize the federal legislation requiring disclosures to buyers regarding the total cost of financing and discrimination.
 14. Describe the lien theory of finance common in Texas law.
 15. Describe the provisions of real estate finance instruments.
- D. Unit IV. Contemporary Real Estate Finance/Other Financial Practices
1. Describe the loan process involved in financing the development of residential homes from raw land to finished product.
 2. Explain refinancing in terms of the benefits, costs, and the effect of tax laws.
 3. Discuss the pros and cons of seller-financed home mortgages.
 4. Discuss the provisions of Installment Sales.
 5. Identify the various creative loan programs available.
 6. Explain the uses of and requirements for the following:
 - Construction Loans
 - Blanket Mortgages
 - Package Mortgage
 - Leasehold Mortgage
 - Purchase Money Mortgage
 - Wraparound Mortgage
 - Lease with Option to Purchase
 - Sale/Leaseback
 7. Contrast title insurance and title abstracts.
 8. Describe the types and causes of mortgage loan defaults and the adjustments lenders make to cure them.
 9. Explain the foreclosure process and its effect on the property and lenders.
 10. Discuss deficiency judgments and their application.

III. THECB Learning Outcomes (WECM)

1. Compare various types of financing available to clients and customers.
2. Explain the function of the primary and secondary money markets.
3. List the types of lenders and explain the types of loans they provide.
4. Evaluate the buyer and the property using lender guidelines.
5. Calculate net sheets for both parties in a real estate transaction.

IV. Evaluation

- A. Class Grading:
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|----|----------------------|-----|
| 1. | Attendance | 10% |
| 2. | Quizzes and Homework | 30% |
| 3. | Major Exams | 60% |
- B. Grade Schedule:
- | | |
|---|--------------|
| A | 90-100 |
| B | 80-89 |
| C | 70-79 |
| D | 60-69 |
| F | 59 and below |

V. Disability Statement (Americans with/Disabilities Act [ADA])

EPCC offers a variety of services to persons with documented sensory, mental, physical, or temporary disabling conditions to promote success in classes. If you have a disability and believe you may need services, you are encouraged to contact the Center for Students with Disabilities to discuss your needs with a counselor. All discussions and documentation are kept confidential. Offices located: VV Rm C-112 (831-2426); TM Rm 1400 (831-5808); RG Rm B-201 (831-4198); NWC Rm M-54 (831-8815); and MDP Rm A-125 (831-7024)

VI. 6 Drop Rule

Students who began attending Texas public institutions of higher education for the first time during the Fall 2007 semester or later are subject to a 6-Drop limit for all undergraduate classes. Developmental, ESL, Dual Credit and Early College High School classes are exempt from this rule. All students should consult with their instructor before dropping a class. Academic assistance is available. Students are encouraged to see Counseling Services if dropping because exemptions may apply. Refer to the EPCC catalog and website for additional information.

VII. Title IX and Sex Discrimination

Title 9 (20 U.S.C. 1681 & 34 C.F.R. Part 106) states the following "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance." The Violence Against Women Act (VAWA) prohibits stalking, date violence, sexual violence, and domestic violence for all students, employees and visitors (male and female). If you have any concerns related to discrimination, harassment, or assault (of any type) you can contact the Assistant to the Vice President for Student and Enrollment Services at 915-831-2655. Employees can call the Manager of Employee Relations at 915-831-6458. Reports of sexual assault/violence may also be reported to EPCC Police at 915-831-2200.