

# REAL 214: REAL ESTATE FINANCE

## Citrus College Course Outline of Record

| Heading                 | Value           |
|-------------------------|-----------------|
| Effective Term:         | Fall 2022       |
| Credits:                | 3               |
| Total Contact Hours:    | 54              |
| Lecture Hours :         | 54              |
| Lab Hours:              | 0               |
| Hours Arranged:         | 0               |
| Outside of Class Hours: | 108             |
| Transferable to CSU:    | Yes             |
| Transferable to UC:     | No              |
| Grading Method:         | Standard Letter |

## Catalog Course Description

Principles of real estate finance are surveyed with particular emphasis on home financing. Included are instruments of real estate finance, source of financing, techniques of loan origination and servicing, plus the role of the federal and state governments. This course is required to obtain California Real Estate Broker License. 54 lecture hours.

## Course Objectives

- independently analyze and assess the most appropriate loan from among the variety of sources available
- formulate a real estate contract that fulfills government requirements for financing properties
- apply principles to qualify the borrower when purchasing real estate
- assess interest rates
- analyze, synthesize and explain investments in real estate

## Major Course Content

1. Why real estate finance
2. Institutional lenders: Who and what are they?
3. Non-institutional lenders: Who are they?
4. Alternative mortgage instruments: What are they?
5. What are conventional loans?
6. How do the federal and state governments help finance home loans?
7. Points, discounts, and the secondary mortgage market: How do they act?
8. What role does "qualifying the property" play in loan underwriting?
9. What role does "qualifying the buyer" play in loan underwriting?
10. How do processing, closing, and servicing real estate loans take place?
11. How do foreclosures and other lending problems fit into real estate finance?
12. Construction financing: What are the major sources?
13. How can I simplify problem-solving related to real estate finance?
14. What are some creative financing approaches?

15. What are some financing choices designed for low- to moderate-income and first-time home buyers?

## Suggested Reading Other Than Required Textbook

Wall Street Journal Los Angeles Times (Real Estate Section)

## Examples of Required Writing Assignments

Summarize/analyze the financial aspects of a current real estate event. Review/analyze a current transaction in the local real estate market and its effect on the local economy.

## Examples of Outside Assignments

Real Estate Finance - Buying vs. Renting -

Based on the following data, would you recommend buying or renting?  
 Rental Costs: • Annual rent, \$7,380 • Insurance, \$145 • Security Deposit, \$650 • Insurance/maintenance, \$1,050  
 Buying Costs: • Annual mortgage payment, \$9,800 (\$9,575 is interest) • Property taxes, \$1,780 • Down Payment/closing costs, \$4500 • Growth in equity, \$225 • Estimated annual appreciation, \$1,700  
 Assume an after-tax savings interest rate of 6% and a tax rate of 28 percent.

## Instruction Type(s)

Lecture, Online Education Lecture