

Date reviewed: Aug 2015  
Date revised: Aug 2015  
Pre or Co-requisite: None

**BFN 280: REAL ESTATE FINANCE**

Semester Credit Hours: 2  
Contact Hours: Lecture - 30

I. COURSE DESCRIPTION:

This course provides an introductory background to the varied real estate mortgage credit operations of commercial banks. Topics include legal, the residential lending process, mortgage market, fund flows, the role of the government in mortgage financing, and the important aspects of income-producing real estate. Upon completion of this course, the student will have the necessary skills to work in this area.

II. GENERAL COURSE COMPETENCIES:

The student will:

1. Understand the basic legal aspects of real estate lending.
2. Comprehend the residential lending process.
3. Gain knowledge of the mortgage market, fund flows, and the role of government in mortgage financing.
4. Understand the important aspects of income-producing real estate.

III. COURSE OBJECTIVES STATED IN PERFORMANCE TERMS:

1. Understand the basic legal aspects of real estate lending.

The student will:

- a) Discuss the need for both state statutes and the common law standards developed by a state's courts.
- b) Explain the principal documents required in a real estate loan transaction.

2. Comprehend the residential lending process.

The student will:

- a) State methods used to appraise the value, condition, and marketability of the real property used as security for the loan.
- b) Discuss methods used to administer and service the loan.

c) Explain the diverse procedures associated with land development and residential construction lending.

3. Gain knowledge of the mortgage market, fund flows and the role of government in mortgage financing.

The student will:

a) Discuss the methods of selling and servicing real estate loans in the secondary mortgage market to enhance profitability.

b) Cite sources of funds for real estate lending.

c) Explain the loan programs of the Federal Housing Administration and the Veterans Administration.

d) Discuss government regulation of financial institutions.

4. Understand the important aspects of income-producing real estate.

The student will:

a) Explain the three approaches to valuation of real estate.

b) Discuss the underwriting and administration of condominium development loans.

c) List and explain the standards of comparison used in the analysis of apartment properties.

d) Explain the criteria for underwriting the retail shopping center.

e) Discuss the general criteria for evaluating investment-grade commercial property.

f) Explain the process of closing and administering the income property construction loan.

g) Explain how to evaluate a borrower's credit worthiness

IV. CLASS ACTIVITIES:

Online PowerPoints

Writing assignments.

V. CRITERIA FOR EVALUATION:

Given a series of assignments, quizzes and examinations, the student will perform with a sixty- percent degree of accuracy.

VI. TEXT:

Larson, James E. Real Estate, Wiley & Co., Current edition.

**VII. Attendance**

Students are expected to attend all classes for which they are registered. Students who are unable to attend class regularly, regardless of the reason or circumstance, should withdraw from that class before poor attendance interferes with the student's ability to achieve the objectives required in the course. Withdrawal from class can affect eligibility for federal financial aid.

**VIII. Statement on Discrimination/Harassment**

The College and the Alabama State Board of Education are committed to providing both employment and educational environments free of harassment or discrimination related to an individual's race, color, gender, religion, national origin, age, or disability. Such harassment is a violation of State Board of Education policy. Any practice or behavior that constitutes harassment or discrimination will not be tolerated.

**IX. Americans with Disabilities**

The Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act of 1990 state that qualified students with disabilities who meet the essential functions and academic requirements are entitled to reasonable accommodations. It is the student's responsibility to provide appropriate disability documentation to the College. The ADA Accommodations Office is in FSC 305 (205-856-7731).