

REAL ESTATE: FINANCE (60 Hours)

Course No.: 71-40-70

COMPETENCY CHECKLIST

Student Name _____

Teacher Name _____ School Site _____

Start Date _____ Completion Date _____ Certificate Date _____

Teacher Signature _____ Student Signature _____

(Signature verifies completion of course competencies)

A. INTRODUCTION (1 hr)

- _____ 1. Define meaning of escrow
- _____ 2. Define pre-commercial banking
- _____ 3. Importation of English banking system to US
- _____ 4. Name and describe banking laws
- _____ 5. Formation of mutual savings & loan assn
- _____ 6. Effect of Great Depression on real estate
- _____ 7. Govt agencies created to counter effect
- _____ 8. Safe office procedures in real estate office
- _____ 9. Pass test covering safe office procedures

B. REAL ESTATE CYCLES AND THE SECONDARY

MARKET (10 hrs)

- _____ 1. Response of market to supply and demand
- _____ 2. International events which may affect cycles
- _____ 3. Distinctions: primary & secondary market
- _____ 4. Process of buying and selling loans
- _____ 5. Function of secondary market
- _____ 6. Govt sponsored secondary market agencies
- _____ 7. Effect of quality control on secondary market
- _____ 8. Explain and describe listed Acts

C. TYPES OF LENDERS (3 hrs)

- _____ 1. Name primary lenders
- _____ 2. Savings & loan effect on real estate finance
- _____ 3. Effects of changes and deregulations
- _____ 4. Commercial banks and real estate finance
- _____ 5. Mortgage companies & real estate finance
- _____ 6. Mutual savings banks & real estate finance
- _____ 7. Life ins. companies and real estate finance
- _____ 8. Credit unions and real estate finance

D. GOVERNMENT INFLUENCES ON REAL ESTATE

(3 hrs)

- _____ 1. Role of US Treasury in real estate

- _____ 2. Effect of taxation on mortgage financing
- _____ 3. Federal Reserve System & effect on real estate
- _____ 4. Function of Federal Home Loan Bank
- _____ 5. Effect of govt monetary policies on financing
- _____ 6. Effect of mortgage credit programs
- _____ 7. Functions of Federal Open Market Committee

E. INSTRUMENTS OF FINANCE (3 hrs)

- _____ 1. Function of promissory note in financing
- _____ 2. Function/provision of security investment
- _____ 3. Define mortgage & its use in financing
- _____ 4. Advantages/disadvantages of mortgage
- _____ 5. Explain deed of trust and its use in financing
- _____ 6. Describe clauses in financial instruments

F. REAL ESTATE FINANCE: MATH TABLES AND

CLOSING COSTS (5 hrs)

- _____ 1. Describe real estate contract
- _____ 2. Advantages/disadvantages of contract
- _____ 3. Typical clauses used in mortgages/deeds
- _____ 4. Explain amortization table and its uses
- _____ 5. Explain interest rate factors table
- _____ 6. Explain proration table and its use
- _____ 7. Explain remaining balance table and its use
- _____ 8. Explain loan progress chart and its use
- _____ 9. Explain mortgage yield table and its use
- _____ 10. Explain discount & present use tables & uses
- _____ 11. Explain balloon payment table and its use
- _____ 12. Name nine factor affecting buyer's cost
- _____ 13. Define purchase price
- _____ 14. Explain loan fee
- _____ 15. Explain discount points
- _____ 16. Explain an appraisal fee
- _____ 17. Explain a credit report
- _____ 18. Explain an impound account

- ___ 19. Explain a title insurance premium
- ___ 20. Explain prepaid interest
- ___ 21. Miscellaneous items that affect buyer's cost
- ___ 22. Three factors relating to buyer's costs
- ___ 23. Define earnest money deposit
- ___ 24. Describe deposits given to lenders
- ___ 25. Explain prorated taxes, rents & insurance
- ___ 26. Name factors relating to seller's costs
- ___ 27. Impound account balance & seller's credit
- ___ 28. Factors affecting seller debits
- ___ 29. Define sales commission
- ___ 30. Explain points on buyer's loan
- ___ 31. Explain seller financing

G. LOAN UNDERWRITING (3 hrs)

- ___ 1. Define loan underwriting
- ___ 2. FHLM/FNMA underwriting factors
- ___ 3. Process of income evaluation for loan
- ___ 4. Process of net worth evaluation for loan
- ___ 5. Process of credit history evaluation for loan
- ___ 6. Loan qualifications: FHA vs FHLA/FNMA
- ___ 7. Loan qualifications: FAH vs VA

H. CONVENTIONAL FINANCING (6 hrs)

- ___ 1. Define conventional loan
- ___ 2. Historical perspective of conventional loan
- ___ 3. Describe 15-, 20-, and 30-year mortgage
- ___ 4. 80% conventional loan and origination fee
- ___ 5. Secondary financing & 80% conv. loan
- ___ 6. Function of private mortgage insurance
- ___ 7. Explain 90% conventional loan
- ___ 8. Explain 95% conventional loan
- ___ 9. Process of assuming a conventional loan

I. CREATIVE FINANCING (6 hrs)

- ___ 1. Define discounts and discount points
- ___ 2. Effect of discount points in VA transactions
- ___ 3. Effect of points in conventional loans
- ___ 4. Process of setting point requirements
- ___ 5. Define a buydown
- ___ 6. Permanent vs temporary buydowns
- ___ 7. Define adjustable-rate mortgages
- ___ 8. Elements that give form to ARM
- ___ 9. Discounts and subsidy buydowns on ARMs
- ___ 10. Describe FNMA guidelines for ARM
- ___ 11. FHLMC guidelines: expense to income ratio
- ___ 12. ARM standardization & disclosure guidelines
- ___ 13. Define/understand/describe loan types
- ___ 14. Define growth equity mortgage
- ___ 15. Advantages/disadvantages of growth equity
- ___ 16. Define mortgage insurer programs

J. FHA FINANCING (6 hrs)

- ___ 1. Characteristics of FHA from conventional loans
- ___ 2. Establishing interest rates/discount points
- ___ 3. Calculation of loan payments/MIP
- ___ 4. Describe advantages of FHA financing
- ___ 5. Identify various FHA loan programs
- ___ 6. Secondary financing with FHA mortgage

K. VA FINANCING (6 hrs)

- ___ 1. Characteristics of a VA loan
- ___ 2. Define VA loan eligibility
- ___ 3. Explain determination of VA loan amount
- ___ 4. Disclosure requirements on loan assumptions

L. SELLER FINANCING (6 hrs)

- ___ 1. Purchase money mortgage/trust deed
- ___ 2. Unencumbered/encumbered property
- ___ 3. Purchase money second mortgage
- ___ 4. Seller sponsored wraparound financing
- ___ 5. Wraparound vs assumption plus second
- ___ 6. Process of resale of purchase money securities
- ___ 7. Explain land contract
- ___ 8. Contract subject to existing mortgage
- ___ 9. Contract w/assumption of existing mortgage
- ___ 10. Contract plus assumption plus second
- ___ 11. Lease option as another form of financing
- ___ 12. Lease contract separate from option contract
- ___ 13. Explain equity exchanges
- ___ 14. Explain participation plans
- ___ 15. Seller's financing disclosure statement

M. APPRAISAL (6 hrs)

- ___ 1. Define lender's perception of value
- ___ 2. Problem with over-valued properties
- ___ 3. Importance of appraised value
- ___ 4. Market data approach to estimating value
- ___ 5. Replacement cost approach to estimating
- ___ 6. Income method of estimating market value
- ___ 7. Alternative to low appraisals in finance process
- ___ 8. Requests for reconsideration of value
- ___ 9. Property features affecting appraisal

N. DISCRIMINATION (6 hrs)

- ___ 1. Federal laws relating to discrimination
- ___ 2. Explain Civil Rights Act of 1866
- ___ 3. Explain Federal Fair Housing Act
- ___ 4. Explain Home Mortgage Disclosure Act of 1975
- ___ 5. Name state laws relating to discrimination
- ___ 6. Explain Unruh Civil Rights Act
- ___ 7. Explain Housing Finance Discriminating Act
- ___ 8. Explain Fair Employment and Housing Act
- ___ 9. Real Estate Commissioner Regulations

O. REAL ESTATE ETHICS (1 hr)

- _____ 1. Realtor responsibility in transaction
- _____ 2. Broker fees charged in transactions
- _____ 3. Presentation requirements for listing agent
- _____ 4. Licensee professional relationship
- _____ 5. When written offers must be submitted
- _____ 6. When purchase deposit can be refunded
- _____ 7. When licensee can claim to be a specialist
- _____ 8. When sign doc can be changed/modified
- _____ 9. Explain secret profit

P. EMPLOYABILITY SKILLS (2 hrs)

- _____ 1. Step in a job search
- _____ 2. Résumé and cover letter
- _____ 3. Complete job application form legibly
- _____ 4. Demo punctuality and regular attendance
- _____ 5. Job interview preparation
- _____ 6. Participate in mock interview as applicant
- _____ 7. Participate in mock interview as employer
- _____ 8. Civil, age and equal rights in employment
- _____ 9. Describe employer's rights
- _____ 10. Describe various benefits
- _____ 11. Define listed items related to payroll

Q. EVALUATION (1 hrs)

- _____ 1. Pass exam on course components