

**RE 62 Course Outline as of Fall 2022****CATALOG INFORMATION**

Dept and Nbr: RE 62 Title: ADV. REAL ESTATE FINANCE  
 Full Title: Advanced Real Estate Finance  
 Last Reviewed: 2/14/2022

| Units   |      | Course Hours per Week |      | Nbr of Weeks | Course Hours Total |       |
|---------|------|-----------------------|------|--------------|--------------------|-------|
| Maximum | 3.00 | Lecture Scheduled     | 3.00 | 17.5         | Lecture Scheduled  | 52.50 |
| Minimum | 3.00 | Lab Scheduled         | 0    | 6            | Lab Scheduled      | 0     |
|         |      | Contact DHR           | 0    |              | Contact DHR        | 0     |
|         |      | Contact Total         | 3.00 |              | Contact Total      | 52.50 |
|         |      | Non-contact DHR       | 0    |              | Non-contact DHR    | 0     |

Total Out of Class Hours: 105.00

Total Student Learning Hours: 157.50

Title 5 Category: AA Degree Applicable

Grading: Grade Only

Repeatability: 00 - Two Repeats if Grade was D, F, NC, or NP

Also Listed As:

Formerly:

**Catalog Description:**

In this course, students will focus on analyzing potential investment properties for buyers, sellers and lenders. Each stage of property analysis will be covered for properties ranging from single family rentals to large commercial. Real estate finance strategies will be applied to real-world situations with a focus on the practical application of these theories that matter the most to investors. This course applies toward the educational requirements for either a salesperson or broker's license. It also meets the California Department of Real Estate (DRE) education requirements for the Salesperson or Brokers license.

**Prerequisites/Corequisites:****Recommended Preparation:**

Eligibility for ENGL 1A or equivalent and Course Completion of RE 52 ( or RE 80E)

**Limits on Enrollment:****Schedule of Classes Information:**

Description: In this course, students will focus on analyzing potential investment properties for buyers, sellers and lenders. Each stage of property analysis will be covered for properties

ranging from single family rentals to large commercial. Real estate finance strategies will be applied to real-world situations with a focus on the practical application of these strategies that matter the most to investors. This course applies toward the educational requirements for either a salesperson or broker's license. It also meets the California Department of Real Estate (DRE) education requirements for the Salesperson or Brokers license. (Grade Only)

Prerequisites/Corequisites:

Recommended: Eligibility for ENGL 1A or equivalent and Course Completion of RE 52 ( or RE 80E)

Limits on Enrollment:

Transfer Credit: CSU;

Repeatability: Two Repeats if Grade was D, F, NC, or NP

## **ARTICULATION, MAJOR, and CERTIFICATION INFORMATION:**

|                      |                      |                      |           |
|----------------------|----------------------|----------------------|-----------|
| <b>AS Degree:</b>    | <b>Area</b>          | Effective:           | Inactive: |
| <b>CSU GE:</b>       | <b>Transfer Area</b> | Effective:           | Inactive: |
| <b>IGETC:</b>        | <b>Transfer Area</b> | Effective:           | Inactive: |
| <b>CSU Transfer:</b> | Transferable         | Effective: Fall 2022 | Inactive: |
| <b>UC Transfer:</b>  |                      | Effective:           | Inactive: |

**CID:**

**Certificate/Major Applicable:**

Both Certificate and Major Applicable

## **COURSE CONTENT**

### **Student Learning Outcomes:**

At the conclusion of this course, the student should be able to:

1. Outline and analyze primary, secondary, and additional investment elements and their effect on financing strategies.
2. Identify and understand the different methods of structuring financial instruments.
3. List and utilize real estate investment performance measurements and ratios.

### **Objectives:**

At the conclusion of this course, the student should be able to:

1. Discuss why investors choose to invest in real estate, what risks they are exposed to, and how the return on a real estate investment is calculated.
2. Describe how the value of income-generating properties is determined.
3. Evaluate the impact debt financing has on a real estate investment's risk and return and how leverage can be used to increase investment returns.
4. Examine the factors impacting estate development decisions, including cap rates, regulatory requirements, and costs.
5. Discuss the financing options available to real estate investors.
6. Satisfy the California DRE elective education requirement for salespersons.
7. Satisfy the California DRE mandatory education requirement for brokers.

### **Topics and Scope:**

- I. Introduction to Real Estate Finance
  - A. Finance as a discipline
  - B. Relevance of finance as applied to value
- II. Primary investment elements and their effect on financing strategies
  - A. Time horizon
  - B. Volume of investment activity
  - C. Type of property
- III. Secondary investment elements and their effect on financing strategies
  - A. Cost of funds
  - B. Amortization period
  - C. Amount of funds borrowed
- IV. Additional investment elements and their effect on financing strategies
  - A. Loan duration
  - B. Loan fees
- V. Structuring financial instruments
  - A. Leverage
  - B. Debt
  - C. Equity
  - D. Partnerships
- VI. Real estate investment performance measurements and ratios
  - A. Net income return on investment
  - B. Cash return on investment
  - C. Total return on investment
- VII. Advanced real estate investment analysis
- VIII. The valuation of real property
- IX. Financial statements and schedules
- X. Single family rental home
  - A. Comparable sales analysis
  - B. Cash flow analysis
- XI. Single family home to multi-family conversion
  - A. Alternative options
  - B. Relationship between risk and reward
- XII. Multifamily apartment complex
- XIII. Single family home conversion to commercial office building

**Assignment:**

- 1. Reading between 15-30 pages per week
- 2. Case studies:
  - A. single family rental house
  - B. multi-unit home
- 3. Real estate investment analysis assignments
- 4. Class participation and performance or discussion board participation
- 5. Real estate investment research project
- 6. Chapter quizzes
- 7. Midterm and final exam

**Methods of Evaluation/Basis of Grade:**

**Writing:** Assessment tools that demonstrate writing skills and/or require students to select, organize and explain ideas in writing.

Real estate investment research project

Writing  
5 - 20%

**Problem Solving:** Assessment tools, other than exams, that demonstrate competence in computational or non-computational problem solving skills.

Real estate investment performance measurements and ratios

Problem solving  
5 - 20%

**Skill Demonstrations:** All skill-based and physical demonstrations used for assessment purposes including skill performance exams.

Case studies

Skill Demonstrations  
20 - 50%

**Exams:** All forms of formal testing, other than skill performance exams.

Chapter quizzes, midterm, and final

Exams  
20 - 50%

**Other:** Includes any assessment tools that do not logically fit into the above categories.

Attendance and participation

Other Category  
0 - 10%

### **Representative Textbooks and Materials:**

The complete Guide to Real Estate Finance for Investment Properties. Steve Berges. Wiley. 2004 (classic)

Real Estate Finance and Investments. William Brueggeman, Jeffrey D. Fisher. McGraw Hill. 2022