

CUYAMACA COLLEGE
COURSE OUTLINE OF RECORD

REAL ESTATE 292 – MORTGAGE LOAN BROKERING AND LENDING

3 hours lecture, 3 units

Catalog Description

Study of the practices and procedures involved in advanced real estate finance including secondary money market sources, federal loan qualification requirements, and special problems in current residential and commercial real estate financing.

Prerequisite

None

Course Content

- 1) The Relationship Between Lenders and Borrowers
 - a. Pre-Wellenkamp history
 - b. Wellenkamp to Garn
 - c. De-regulation of due-on-sale restrictions
- 2) The Promissory Note as Evidence of a Loan
 - a. The promissory note
 - b. Basic provisions of installment notes
 - c. Special provisions in promissory notes
 - d. Co-owner liability
 - e. Usury restrictions and exemptions
 - f. Late charges: can they be enforced?
 - g. Prepayment penalties
 - h. Balloon payments
 - i. Trust deed follows the note
 - j. Assignment of the note
 - k. Discounting carryback second trust deeds
- 3) The Trust Deed Secures Property for Repayment of a Note
 - a. The trust deed
 - b. Parties to the trust deed
 - c. Assignment of rents lien
 - d. Fire insurance proceeds: lender takes all?
 - e. Impound accounts
 - f. Waste by owner
 - g. Due-on-sale regulations
 - h. "Taking over" the loan
 - i. Advertising existing financing
 - j. Handling loan assumption agreements
 - k. Assumption fees
 - l. Broker's tort liability
- 4) Carrybacks and Junior Trust Deeds
 - a. Subordination agreements
 - b. Garn and Junior trust deeds
 - c. Due-on-sale waiver
 - d. Woes of the sold-out junior lien holder
 - e. Carryback financing

- f. Holders of carrybacks and seconds
- g. Required disclosures on seller carrybacks
- h. No-down carryback deals
- i. Carryback foreclosure and resale costs
- j. The all-inclusive trust deed and its uses
- k. Alternate security devices
- l. Grant deed as mortgage: risks abound
- m. Personal property as security
- n. Mobile home loans and carryback financing
- 5) Tax Aspects of Carrybacks
 - a. Carryback tax advantages
 - b. Imputed interest rates: effects on seller carrybacks
- 6) Lenders and Loans
 - a. Primary lenders: a consumer's "shopping list"
 - b. Conventional loans
 - c. HUD/FHA loans
 - d. VA loans help the veteran
 - e. Cal-Vet loans
 - f. Adjustable rate mortgages (ARMs)
 - g. Obtaining a conventional loan
 - h. Mortgage indemnity insurance (PMI)
 - i. FHA/HUD and VA loans
 - j. Loan brokerage
 - k. Loan broker listing agreement
 - l. Loan disclosure statements
 - m. Checking buyer/tenant credit
 - n. Federal truth-in-lending disclosures
 - o. Calculating refinancing costs
- 7) Foreclosure of the Trust Deed
 - a. Trustee's sale vs. judicial foreclosure
 - b. Notice of default and notice of delinquency
 - c. 111 days to trustee's sale
 - d. FHA and VA loans
 - e. Mobile home loan
 - f. Equity financing

Course Objectives

Students will be able to:

- 1) Differentiate between residential and commercial financing projects.
- 2) Identify and apply state and local licensing requirements for loan brokers.
- 3) Identify and describe concepts of processing and lending policies.
- 4) Discuss the importance of communicating with borrowers, lenders and developers.
- 5) Manage customer records and appraisal requirements.

Method of Evaluation

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Exam (objective, subjective)
- 2) Study problems/solutions

Special Materials Required of Student

Calculator

Minimum Instructional Facilities

Smart classroom

Method of Instruction

- 1) Lecture and discussion
- 2) Study problems
- 3) Field exercises

Out-of-Class Assignments

- 1) Reading assignments
- 2) Projects and reports

Texts and References

- 1) Required (representative example): Grogan, Donna L. and Malcom Chambers. *California Mortgage Loan Brokering and Lending*. 4th edition. South-Western Educational Pub., 2011.
- 2) Supplemental: None

Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1) Differentiate between residential and commercial financing projects.
- 2) Identify and apply state and local licensing requirements for loan brokers.
- 3) Identify and describe concepts of processing and lending policies.
- 4) Discuss the importance of communicating with borrowers, lenders and developers.
- 5) Manage customer records and appraisal requirements.
- 6) Identify potential ethical situations in a Real Estate office and the appropriate actions to take.