

R E E: 4 2 0 4

R E S I D E N T I A L

R E A L E S T A T E

F I N A N C E

COURSE SYLLABUS

Fall 2009

Tuesday & Thursday:

12:00 am in BA 121

William C. Weaver, Ph.D.
College of Business
University of Central Florida
Orlando, Florida 32816-1400

Office: BA 426

E-Mail: wweaver@bus.ucf.edu

be sure to include "Res RE" as SUBJECT

Web: <http://www.bus.ucf.edu/weaver>

R E E 4204
R E S I D E N T I A L R E A L E S T A T E F I N A N C E

PREREQUISITES: FIN 3403 No other courses are prerequisite to your being able to successfully complete this course. Note that this course does require extensive out-of-class time for practice problems, homework, study, etc... so be prepared to spend 6-9 hours per week outside class working on this material (*everyone says this but its true this time!*).

TEXT: None

SUPPLEMENTAL MATERIAL:

1. *Course outline, video files & excel models --- I will email each of you a detailed course outline the first week of class; my web page at www.bus.ucf.edu/weaver contains **several** helpful video files and excel models which will be useful in the course.*
2. *Financial Calculator (HP 10b **strongly** suggested).*
3. *Access to email — make sure that your email will accept attachments and ck your email prior to each class — if your email address changes during the semester advise me of that change (via email preferably).*

COURSE DESCRIPTION & OBJECTIVES:

Description: This is a study of the practice of residential real estate finance:

Part 1 ☆analysis of the borrowing decision with many of its alternatives

Part 2 ☆description of residential mortgage related financial institutions and capital markets
☆analysis of the residential secondary market including the market and its participants, the securitization process and products, analytical tools and processes

Objectives:

Development of expertise in dealing with the practical problems of analyzing potential residential real estate financing alternatives with thorough understanding and analysis of the risks and advantages implicit in each. A main objective is to improve your ability to make good judgements about residential real estate finance using both qualitative and quantitative analysis; emphasis is placed upon learning the proper use of quantitative tools to analyze both yield and risk. Note that this course concentrates exclusively on residential real estate finance.

COMMON BODY OF KNOWLEDGE COVERED: Basic and advanced quantitative techniques for financial analysis of residential real estate finance.

COURSE REQUIREMENTS & GRADING: This course uses lecture, class discussion and/or graded out-of-class assignments & in-class quizzes to help you learn the material. Your grade for this course will be computed using a conventional 90-80-70 grading scale (*I occasionally use + & - in reporting your grade: for example, I may elect to report a grade of 79 as a B- or a grade of 89 might be reported as an A- or a grade of 80 or 90 might be reported as a B- or A-*). There will be no EARNED C- grades though I may **give** a C- to someone who's average was less than 70 but who I believed worked especially hard to improve their performance (*note that a C- is not considered adequate for your major by the Finance Department but it does help your GPA*)

Examinations

Test 1 --- Mid-term (55% of total grade): PART ONE: The Borrowers Point of View
(this exam may be divided into two parts for your test-taking convenience)

Test 2 --- Final Exam Period (45% of total grade): PART TWO: Securitization of Residential Mortgages

Final Exam For Fall 2009: Sunday, December 6 at 10 am til ??? (this will take all the time pressure off for your exam and give you plenty of time to do your absolute best --- we will also use this time for make-up's, etc...)

Exam Format: the exams will be a combination of multiple choice, problems, fill-in-the blank and short-answer (*discussion with limited space in which to respond*). The ratio of multiple choice to fill-in-the blank to short-answer and problem oriented questions will vary from exam to exam and from semester-to-semester and test-to-test.

Test Make-up Policy: generally no make-up exams will be offered without advance approval. If you are approved to take a make-up it will be held the date of the final. Generally, make-up exams are quite thorough and rigorous.

Incomplete Grade Policy: There will be no grades of incomplete given.

BA 426 OFFICE HOURS: Fall 2009 : Tuesday & Thursday 1:30 - 4:15 pm

COURSE OUTLINE:

PART ONE - The Borrower's Point of View

Mortgage Mathematics
Real Estate Law & Security Instruments
History of Mortgage Lending
Role of Residential Mortgage Lending in the Economy
The Mortgage Lenders
Mortgage Instruments
Private Mortgage Insurance
Home Equity Loans
Lender Mathematics: Buy-downs and Duration
Residential Mortgage Loan Origination & Processing
Underwriting The Residential Mortgage Loan
Compliance

PART TWO -Securitization of Residential Mortgages

Secondary Market Structure
Common Secondary Market Products
Passthroughs, Paythroughs, MBB's, CMO's
Current Secondary Market Issues

▲ EXAM #1: 55% of total grade ▲

▲ EXAM #2: 45% of total grade ▲